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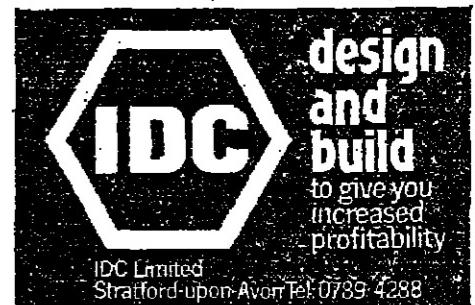
No. 27,234

# FINANCIAL TIMES

Wednesday March 30 1977

\*\* 12p

*JP Riddell*



IDC Limited Stratford-upon-Avon Tel 0789 4288

e fat company **immediate income tax cut of £1.3 bn. • Further £1bn. on conditions • Indirect taxes up £800m.**

## Budget tax cuts again linked to pay

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ENIS HEALEY, the Chancellor of the Exchequer, yesterday made his bid to win agreement on the first stage of the pay policy after July with trade unions for a two-part reduction in income-tax amounting to £2.3bn. in a full year.

Early £1bn. of the cuts in a full year will depend on a satisfactory agreement on a new pay policy being reached, but just under £1.3bn. of the cuts will come into force immediately.

The Budget speech, which was shorter than in previous years, followed the generally-expected line, as income-tax cuts are to be offset in part by increases in indirect taxes of about £800m. in a full year.

The Chancellor did not spell out the exact of the link between the conditional part of income-tax cuts and the pay talks, apart from the need for an agreement "which is consistent with our inflation objectives". To the extent short of such an agreement the scope of all tax relief would be that much smaller.

This differs from the conditional tax proposal earlier's budget which was linked to a specified limit being agreed in the subsequent pay policy.

This attracted considerable criticism at the time from trade union leaders.

Healey did, however, "fully endorse" the report in the recent TUC Economic Review to the effect of a single figure pay-prices equation.

Editorial comment Page 18 • Features Pages 18, 19, 22, 25 • Speech Pages 20-22

### BUDGET SUMMARY

## Personal allowances up

**X:** Reductions totalling £21bn. in £860m. of these are contingent on a satisfactory new pay policy. Redes giving increased allowances will affect on first pay day after conditional cut in basic rate will start from April 6.

**ALLOWANCES:** Single person's and wife's earned income allowances up to £805. Married allowance up 25%.

**IL PERSONAL ALLOWANCE:** £70 to £920. Age allowance for 15 up £70 to £1,080 for single and £95 for married people.

allowance changes take £45,000 of income tax net next year.

**E BAND:** Level at which higher income payable raised by £1,000 to £1,000 will take 800,000 people out of tax net.

**IX RATES:** Thresholds for higher rates raised by between £1,000 and £1,500, and rates are: £6,000-£7,000-40, per £8,000-44 per cent; £8,000-£9,000-35 per cent; £9,000-£10,000-35 per cent; £10,000-£12,000-£14,000-30 per cent; £12,000-£18,000-70 per cent; £18,000-75 per cent; over £21,000-

**WT INCOME SURCHARGE:** or 10 per cent surcharge raised to £1,500; starting point for 15 per cent remains at £2,000.

immediate personal tax reliefs: full year.

**WT ANNUITIES:** Limit on size of annuities on which self-employed claim tax relief raised from £2,350 to £3,000. Proportional increases for before 1976 and for special types introduced in 1971.

**WARNINGS:** Tax relief on 25 per cent from work overseas for working abroad for 30 days or more. Similar relief for those with employment with overseas companies to carry out all their duties regardless of length of absence.

**ditional changes**

**E:** Reduction in basic rate from 15 per cent subject to pay agreement; in full year.

**COME TAX PACKAGE:** would mean on £80 a week just over £100 equivalent to pay rise of 12 per cent. It would cut contribution to total revenue from about 51% to 48 per cent.

**n petrol**

up to 5p a gallon from last night. price increase just over 5p included £300m. Heavy oil duty up 1p. Yield: £150m. Paraffin duty to 10p a gallon.

Duty on packet of 20 cigarettes up 4. Equivalent rise on hand rolled. 1 in full year. Pipe, cigars and tobacco duties unchanged.

Excise duty on private cars up to £30 from to-day. Duties on vehicles up to four tons raised by 1 cent; four-six tons about 30 per cent; six tons about 35 per cent. Yield

increase in VAT or duties

from indirect tax increases effect on RPI about 1 per cent. by year.

### CHIEF PRICE CHANGES YESTERDAY

ence unless otherwise indicated)

**RISKS:** MK Elect.

238 + 11 Morris (Herbert)

262 + 10 Peachey Prop.

Estates 360 + 30 Phillips' Lamps

377 + 7 Port Farms

104 + 5 Sunley (B.)

215 + 19 Tube Inv.

230 + 8 Turner and Newall

A clue at least to the Government's thinking is the working assumption in the Treasury's forecast that an agreement on pay increases after July, 1977, should hold the rate of increase in earnings close to that experienced under the present limit. This implies a rise in earnings of around 8 to 10 per cent, though no doubt the Government will approach the talks with a different proposal. The hope is for a decision from the TUC by June, which would permit the necessary changes to the Finance Bill with rebates being paid later in the summer.

The income tax reliefs are designed in particular to help those at the bottom and middle levels of the range. Nearly 850,000 people will stop, or not start, paying income tax. Further up the scale, a rise in bands is designed to keep skilled workers out of higher rates and to adjust differentials among middle-managers in particular.

Mr. Healey offered the prospect that if a satisfactory pay agreement could be reached, the rate of inflation would fall to single figures by the second quarter of 1978. A 9½ per cent rise in the retail price index is projected for the year to the second quarter of 1978 with an increase of 13 per cent in the 12 months to the fourth quarter of this year. The Budget measures will raise prices by about 1 per cent by the end of this year.

Consequently "living standards, which have fallen sharply over the past six months, should at

least stabilise at something close to their present level," Mr. Healey commented. "We are now through the worst."

The expected stimulus to the economy will be small with a projected boost to output of only a little over ½ per cent by this time next year as a result of the Budget measures.

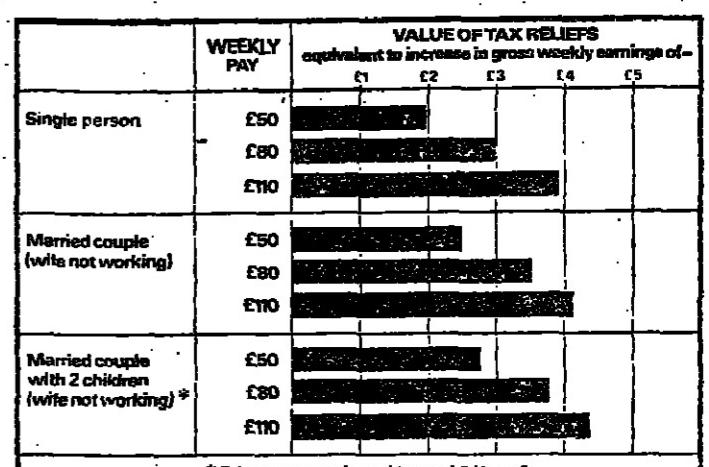
Mr. Healey said that there was scope for a "carefully controlled fiscal stimulus to make at least a start in expanding domestic demand by reducing the burden of income tax" within the "significant headroom" of the latest borrowing requirement and monetary forecasts.

The Chancellor, who commented that, "if anything, he must err on the side of caution this year," said in his television broadcast last night that this Budget could be the first of a whole series "which put money back into pay packets."

The combined effect of the tax changes will be to reduce revenue by about £1.5bn. in a full year, though rather less in 1977-78 and bring the public sector borrowing requirement for the next financial year to a new forecast level of £8.47bn.

This compares with a ceiling of £8.7bn. agreed with the International Monetary Fund last December and a revised estimate of the outcome for 1977-78, before the Budget changes, of about £7.5bn. The revision downwards of £1.5bn. since December mainly reflects "better prospects for employment,

● Details and reactions Pages 23, 24. ● Cash limits Page 17 ● Lex Back Page



The chart shows the benefit of the total tax reductions in terms of an addition to GROSS earnings applying 1976-77 tax and insurance rates.

interest rates and the exchange rate" since then.

This might be a cautious figure since the borrowing requirement estimate for the current financial year has moved down from £11.2bn. to about £8.8bn. since December, though it is admitted

Continued on Back Page

● Cash limits Page 17 ● Lex Back Page

## Setback for wage restraint say unions

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

**UNION LEADERS** almost without exception criticised the Chancellor's decision yesterday to offer back-dated tax relief again in return for a "satisfactory" agreement on further wage restraint.

Despite the size of the income tax concessions, the general reaction was that prospects for negotiations were not good, another round of wage restraint vote against pay policy in May, after July 31 had been set back, said the Chancellor had done the reverse of what the TUC had expected.

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The trade union movement does not want to be in the position where we trade a pay deal for taxation. We believe it's the Government's responsibility to do this.

Leaders of unions with low-paid members said the income tax Government's responsibility to do this.

The view that Mr. Healey had made a tactical mistake and committed opponents of wage restraint forecast the end of the TUC-Government pact.

Lord Allen, of the Shopworkers, who is chairman of the TUC Economic Committee, and a leading moderate voice, said last night: "The prospect for Phase Three has not been encouraged by this over-cautious Budget. This is a pity, because Britain needs a managed eco-

nomy."

Disappointment was echoed by Mr. Jack Jones of the Transport Workers, a central figure in TUC-Government relations, who described the Budget as "below expectations."

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Last year said Mr. Murray, the TUC general secretary.

Public-sector unions, both white-collar and manual, accused the Chancellor of missing an opportunity to reverse some of the expenditure cuts which, they said, it was not adjusted and been based on faulty forecasts of the public-sector borrowing requirement.

The most unstinted praise for the Chancellor came from Mr. John Pardoe, the Liberal Economic spokesman, who claimed the expenditure cuts which, they said, it was not adjusted and been based on faulty forecasts of the public-sector borrowing requirement.

Many Labour MPs could not comprehend why the Chancellor had drafted such a statement with the TUC's crucial Stechford by-election demand for £1.5bn. reduction and even the unconditional element goes a long way towards that.

But on employment and the road fund licence increase as well as the higher cost of public spending the Budget was on balance helpful overall and

provided a basis for discussion on the TUC's policy commitment for a planned return to free collective bargaining this year. Of tomorrow although there was later negotiations with the Government he said: "We are not expecting a second honeymoon or a divorce."

Mrs. Margaret Thatcher, the Conservative leader, summed it up as "not a revival Budget for the country but a survival Budget for the Labour Government".

Some Tories admitted, however, that Mr. Healey had shown political skill in widening the income tax bands.

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Conservative MPs criticised the Chancellor's failure to lay down any conditions that would have to be met by the unions in phase three of the pay policy before the additional tax cuts were paid.

But the Government views this tactic as essential following what they regard as the error of last year's firm target.

## U.K. blocks EEC farm price deal

BY ROBIN REEVES

BRUSSELS, March 29.

MR. JOHN SILKIN, the Minister of Agriculture, this morning blocked an agreement on the EEC's annual farm price package — a denial chair at the end of the meeting.

He thought his fellow Ministers had not grasped the argument that the net cost of the butter subsidy demanded was reasonable, when set against alternative methods of disposal. Furthermore, Britain was being asked to absorb the combined effects of two EEC transition steps, increased common farm prices, and a "green pound" devaluation—all within a relatively short period.

Final hopes for agreement faded after Mr. Silkin left the meeting to phone London, presumably to consult Mr. Denis Healey, the Chancellor of the Exchequer, on whether he should settle on the basis of the costly terms being offered.

But with the next stage of the Government's pay policy initially linked with containing food price inflation, it was clearly decided that no agreement was preferable to one that raised food prices to far higher levels.

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LOMBARD

# Tapping the Wall Street barometer

BY ANTHONY HARRIS

A STOPPED clock is exactly right twice a day, and you can predict exactly when it is. A stuck barometer is also liable to be right some time or another, but unless you have a barometer that works, you will never know exactly when that is. Wall Street forecasts of interest rates have been somewhat humiliatingly stuck for more than a year now, predicting rises while rates went on falling and now, after a period of silence, the forecasters are at it again.

While a cynic might attribute the latest warnings to the desperation of a bust gambler, who is convinced that the red must come up soon, he would also have to concede that the passage of time does make it rather likelier that the red will indeed come up this time, and there are slightly stronger reasons now for paying some attention to the forecasts: renewed activity (but that misled the forecasters as long ago as the beginning of last year), and perhaps more willingly, some fear of renewed inflation. All the same, it remains as clear as ever that this is a thoroughly abnormal business cycle.

## Fundamentals

The trouble is that most forecasts emerging from Wall Street tend to be as chartist in their outlook, searching for patterns in the graphs rather than considering fundamentals. There are two fundamentals which are obviously relevant: the effect of high nominal interest rates in discouraging long-term investment; and the aftermath of financial shock.

The effect of high interest rates is one which monetarists of the unreformed school, with their attachment to the idea of "real" interest rates—which can only be known after the event—seem strangely incapable of getting into their heads; but I have spent an awful lot of paper on it, and can only briefly repeat it here. The fact is that while high interest rates are no bar to financing, say, stocks which will be sold rapidly and reflect inflation in their sale value, the effect is quite different if you are buying a house or building a power station.

The trouble is simply a matter of cash flow. If long investments are financed with long credit, which has to be serviced out of cash, high rates together with inflation put a great strain on cash flow. In later years the fundamentals remain, and I of the debt dwindles; but a household facing high living costs, or a utility with a limited

## Plausible

This pattern of corporate debt aversion (assisted by high corporate cash flows) and investor suspicion of long instruments seems to me to suggest very much the sort of pattern we have seen, with the pressure on long rates rather than on money rates, and consequently sluggish monetary growth and a disappointing Wall Street performance.

It is true that there are some signs now of a more normal pattern in the U.S. economy, with rising consumer spending and the sharp rise in housing starts (from abysmally low levels).

There are also some probably de-

ceptive echoes of the harsh winter—a sharp recovery in activity and a price acceleration. There is an Administration bent on careful expansion. The forecasts of higher rates therefore look more plausible, especially towards mid-year. But rewards flow in, as the real value of the debt dwindles; but a household facing high living costs, or a utility with a limited

survives. In later years the fundamentals remain, and I of the debt dwindles; but a household facing high living costs, or a utility with a limited

**BBC 1**

6.40 a.m. Open University (UHF only). 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Heads and Tails. 3.55 Regional News (except London). 3.55 Play School. 4.20 The Wombles. 4.25 Jackanory. 4.40 Baileys' Comets. 5.00 John Craven's Newsworld. 5.10 Out of Bounds. 5.25 Magic Roundabout. 5.40 News. 5.55 Nationwide (London and South-East only). 6.20 Nationwide. 6.50 High Adventure: "The Scarlet Blade," starring Lionel Jeffries and Oliver Reed. 8.10 Survivors. 9.00 News. 9.25 The Budget: Rt. Hon. Sir

England. 9.35 The

Geoffrey Howe, MP, for the Opposition.

9.35 Sportsnight.

10.45 The Energy File.

11.15 10-night.

11.35 Weather/Regional News.

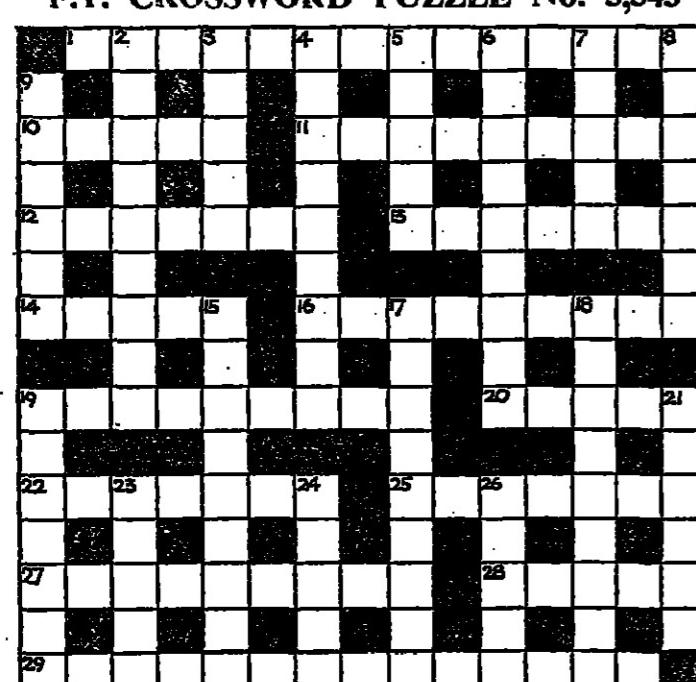
All Regions as BBC 1 except at the following times:

Wales 9.35 p.m. Crystal Tips and Alstair. 9.45-9.55 Big Oil. 10.15 2.55-6.25 Wales To-day. 10.30 Hedwiga. 7.15 Pobol Y Cymru. 7.45-8.10 Young Scientists of the Year. 11.55 News and Weather for Wales.

Scotland 5.55-6.20 p.m. Reporting Scotland. 9.35-10.45 (Sports-night) Football—The Scottish Cup Semi-final. 11.55 News and Weather for Scotland.

Northern Ireland 3.35-3.55 p.m. Northern Ireland News. 5.35-6.20 Scene Around Six. 11.35 News and Weather for Northern Ireland.

## F.T. CROSSWORD PUZZLE No. 3,343



**ACROSS**

1 Predictable type of family letter (5, 9)

10 Registration is coming on dramatically (5)

11 He's of a stable though irritable disposition (8)

12 Kept going they say to nor- their town (7)

13 Minor operation at school (7)

14 Nymph upset Diana (5)

15 Softened up office staff scolded (9)

19 Lodge member with extra- gant builder (8)

20 CID returns without alterna- tive order from Greece (5)

22 Forgetting a name is another thing (7)

25 Joy behaved a kingman (7)

27 Flight that could have finished at 5 in Scotland (9)

28 Gloom daughter taken back (5)

29 Introduce speech where one lives (7, 7)

**DOWN**

2 Exactly in direction of biography (2, 3, 4)

3 Lament over exercise in part of church (5)

4 Abuse appeal to denominations (4, 5)

5 Block hammered by a forger (5)

6 Bloomer made by staff of Israeite leader (6, 3)

## RACING

BY DARE WIGAN

**If fit, Rhodres has appeal**

ASSUMING THAT he is fit, Rhodres appeals as the probable winner of the Shorncliffe Stakes for three-year-olds run over 1½ miles at Folkestone this afternoon.

On the face of it, this pattern should have been reflected in a sluggish demand for long-term credit and a more normal call for bank accommodation; but in fact the pattern has been just the reverse.

Financially, the present recession has been marked by credit

shock rather than credit crunch. Companies have become extremely averse to short-term debt, and have been funding existing debt as hard as they can

go. The result has been that while the growth of total corporate credit since the turn in activity in December 1975 has been only a bit below normal in money terms (though startlingly so if the falling value of money is taken into account), the entire

growth until the past few weeks has been in bonds, with bank advances actually tending to fall.

Meanwhile, investor preferences, as Dr. Benjamin Friedman has recently pointed out, are the other way round: they want liquidity (and no-one seems to want it more than the OPEC surplus countries who call the tune in international markets).

As a result the heavy municipal and corporate issues of very good Chinese works of art. The Christie's auction brought in £1,665,500, and the Sotheby's

£1,058,925.

The pictures were a rather hit and miss affair as is usual with Impressionists and Moderns. Some of the top lots were bought in, including a Picasso "Mandoline et portée de musique" where the bidding stopped at £230,000, a pretty Renoir bought in at £90,000 and a Max Ernst at £88,000. But there were successes and more than half the lots sold. A 10 per cent buyers' premium must be added to all prices.

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(Swedish Export Credit Corporation)

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NOTES DUE EACH

4	1046	1924	3028	4145	5125	6084	6987	7855	8677	9541	10467	11353	12268	14080	15073	16079	17052	18000	19000	20000	21000	22022	22838	23916
5	1050	1928	3032	4149	5130	6088	6991	7859	8680	9545	10471	11358	12275	14085	15077	16086	17053	18003	19003	20003	21007	22021	22845	23920
6	1059	2006	3035	4167	5145	6094	6994	7861	8681	9551	10475	11361	12276	14087	15087	16082	17054	18002	19002	20002	21007	22021	22845	23920
7	1073	2024	3079	4168	5149	6095	6995	7862	8682	9552	10476	11362	12277	14088	15088	16083	17055	18003	19003	20003	21007	22021	22845	23920
8	1101	2025	3080	4171	5150	6096	6996	7863	8683	9553	10477	11363	12278	14089	15089	16084	17056	18004	19004	20004	21007	22021	22845	23920
9	1123	2045	3110	4159	5163	6123	7043	7815	8684	9554	10478	11364	12279	14090	15091	16085	17057	18005	19005	20005	21007	22021	22845	23920
10	1132	2069	3111	4160	5165	6125	7045	7816	8685	9555	10479	11365	12280	14091	15091	16086	17058	18006	19006	20006	21007	22021	22845	23920
11	1140	2074	3125	4163	5169	6126	7048	7818	8686	9556	10480	11366	12281	14092	15092	16087	17059	18007	19007	20007	21007	22021	22845	23920
12	1143	2074	3125	4163	5169	6126	7048	7818	8686	9556	10481	11367	12282	14092	15092	16087	17059	18007	19007	20007	21007	22021	22845	23920
13	1150	2101	3125	4165	5170	6129	7050	7820	8687	9557	10482	11368	12283	14093	15093	16088	17060	18008	19008	20008	21007	22021	22845	23920
14	1172	2111	3160	4170	5171	6125	7051	7821	8688	9558	10483	11369	12284	14093	15093	16089	17061	18009	19009	20009	21007	22021	22845	23920
15	1189	2114	3165	4170	5171	6125	7051	7821	8688	9558	10484	11370	12285	14094	15094	16090	17062	18010	19010	20009	21007	22021	22845	23920
16	1192	2120	3173	4170	5172	6126	7052	7822	8689	9559	10485	11371	12286	14094	15094	16091	17062	18010	19010	20009	21007	22021	22845	23920
17	1217	2187	3184	4170	5172	6126	7052	7822	8689	9559	10486	11372	12287	14095	15095	16092	17063	18011	19011	20009	21007	22021	22845	23920
18	1226	2188	3184	4170	5172	6126	7052	7822	8689	9559	10487	11373	12288	14095	15095	16093	17064	18011	19011	20009	21007	22021	22845	23920
19	1229	2188	3184	4170	5172	6126	7052	7822	8689	9559	10488	11374	12289	14095	15095	16094	17065	18011	19011	20009	21007	22021	22845	23920
20	1230	2188	3184	4170	5172	6126	7052	7822	8689	9559	10489	11375	12290	14095	15095	16095	17066	18011	19011	20009	21007	22021	22845	23920
21	1231	2188	3184	4170	5172	6126	7052	7822	8689	9559	10490	11376	12291	14095	15095	16096	17067	18011	19011	20009	21007	22021	22845	23920
22	1232	2188	3184	4170	5172	6126	7052	7822	8689	9559	10491	11377	12292	14095	15095	16097	17068	18011	19011	20009	21007	22021	22845	23920
23	1233	2188	3184	4170	5172	6126	7052	7822	8689	9559	10492	11378	12293	14095	15095	16098	17069	18011	19011	20009	21007	22021	22845	23920
24	1234	2188	3184	4170	5172	6126	7052	7822	8689	9559	10493	11379	12294	14095	15095	16099	17070	18011	19011	20009	21007	22021	22845	23920
25	1235	2188	3184	4170	5172	6126	7052	7822	8689	9559	10494	11380	12295	14095	15095	16100	17071	18011	19011	20009	21007	22021	22845	23920
26	1236	2188	3184	4170	5172	6126	7052	7822	8689	9559	10495	11381	12296	14095	15095	16101	17072	18011	19011	20009	21007	22021	22845	23920
27	1237	2188	3184	4170	5172	6126	7052	7822	8689	9559	10496	11382	12297	14095	15095	16102	17073	18011	19011	20009	21007	22021	22845	23920
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32	1242	2188	3184	4170	5172	6126	7052	7822	8689	9559	10499	11387	12302	14095	15095	16107	17078	18011	19011	20009	21007	22021	22845	23920
33	1243																							

## EUROPEAN NEWS

JET project

## Barre will retain Finance portfolio

DAVID CURRY

French Prime Minister, M. Barre, has confirmed he intends to remain as his Finance Minister in the government he is forming, as instructions for a new administration to the general election in 1978.

Now generally accepted among the President's supporters in the course of yesterday's nationwide broadcast

that the new Government should be "freed from party politics" and that there should be a clear division between the Government and the parties, a number of established Ministers will not be reappointed.

M. Michel Poniatowski, Interior Minister, leader of M. Giscard's own independent Republican party and the President's closest political confidant, is expected to be excluded from the new Government. M. Jean Lecanuet,

leader of the CDC party, which forms part of the ruling coalition, Gaulist in the outgoing administration and at one point led a delegation of Gaulist Ministers to the Prime Minister asking the behaviour of M. Jacques Chirac, later to stop the attacks being made by Ministers former Prime Minister, who belonged to other parties in the coalition. All three men enjoyed the rank of Minister of State.

The third leading politician whose job seems forfeit is M. Olivier Guchard, the Justice candidate.

The dropping of M. Poniatowski and M. Lecanuet, even in the context of a general eviction of leading politicians, will probably please the Gaulists. In his address M. Giscard made at least a small personal gesture of reconciliation towards M. Chirac when he spoke of the achievements of the governments led by M. Chirac and M. Barre. Previously, the Elysée has tended to encourage, if only by its silence, the tendency to blame M. Chirac's inflationary programme of autumn 1975 for the seriousness of current economic problems.

The problem is that the restraint in tariffs and prices in the public sector will inevitably have to be paid for out of the budget deficit. Despite M. Barre's attack on the deficits of nationally-owned industry (which will probably take some Frs.30bn. from the Government this year), he has admitted that the original target of a balanced budget for 1977 is unattainable, and an overall Frs.10bn. deficit is expected.

With recovery plans for steel, shipbuilding, fertilisers, aeronautics and pulp and paper promised, and President Giscard working out a plan of action to aid the family, old age pensioners and the young jobless, it is quite possible that this deficit could become much bigger by year's end.

Generally, however, the spurt in the index means that the sharp shock administered by

a rise in a number of price freeze and the January 1st tariff will apply, may cut in VAT has worn off, and the

well he substantially above 1 per cent. The Government is hoping that, thereafter, the monthly increase will be more modest.

The main culprits for the February rise were petrol products and imported foodstuffs, including coffee, cocoa and oil.

In addition, an increase in dental charges, imposed by the profession, in defiance of the Government, inflated the medical charges element in the computation.

Food prices were 1.1 per cent up over the month, services 0.8 per cent, while manufactured

prices were only 0.4 per cent higher, a statistic which the Government will certainly seize on to prove that industry is observing the voluntary price restraints which replaced the compulsory price freeze at the start of this year.

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## AMERICAN NEWS

**U.S. may close Rhodesian office**

By Our Own Correspondent

WASHINGTON, March 29. THE CARTER administration may be preparing to close the Rhodesian Information Office in Washington as part of its efforts to tighten sanctions against the break-away regime.

Until now, despite the U.S. support for sanctions, the information office has been allowed to operate under the terms of the Foreign Agents Registration Act. This lays down the framework within which foreign organisations can establish lobbying offices in the country.

Justice Department officials yesterday visited the two-man Rhodesian Information Office and began a detailed examination of its records. The Justice Department denied that it was acting in conjunction with the State Department and refused to comment on the reasons for the investigation of the office.

However, it is widely believed that the investigation is connected with the State Department's support for a United Nations resolution which is expected to be approved shortly.

This calls on member nations to ban the transfer of Rhodesian funds within their borders.

Mr. Hodding Carter, the U.S. State Department spokesman,

## Carter allows \$2bn. arms sales—\$4bn. more delayed

BY DAVID BELL

WASHINGTON, March 29.

PRESIDENT CARTER was included in the approvals reported today to have approved according to State Department sources, bowtiers and tanks to be mostly to Nato allies and to for Israel, about \$500m. in contract construction for Saudi Arabia, jet fighters for Greece and a variety of other equipment for Nato countries as well as Jordan, Pakistan and South Korea.

The President has been personally assessing \$6bn. of proposed arms sales in his campaign and a variety of other equipment for Nato countries as well as Jordan, Pakistan and South Korea.

The new aid to South Korea

has been approved, despite the administration's concern about the "arms merchant" to the world.

A full list of the countries

which are to receive arms has not yet been published but most

of the projects that the President

has approved involve relatively

the security of the United States. and Iran should become strained.

The remaining \$4bn. of outstanding arms sales may be held up pending a review of arms sales policy due to be presented to the President on April 11.

One of the prime concerns of the inter-agency task force drawing up the guidelines is the number of U.S. technicians serving in the Middle East.

A Senate report on U.S. arms sales

treatment of dissidents in that to Iran last year was sharply

country. Mr. Vance, the Secretary of State, made an exception to many thousands of American

rights earlier this month, saying that it could raise serious pro-

blems if relations between the U.S. and Iran should become strained.

The court said yesterday that it will review a lower court decision which banned the much-needed development of new energy sources and urged that the lower court decision be overturned.

President Carter is expected to include a proposal to delay indefinitely the licensing of plutonium plants in his energy package to be unveiled next month.

He has said in the past

that he agrees with environmental groups—the same

groups that won the lower

court decision on which the

Supreme Court will now rule.

That plutonium poses a radia-

tion danger because of the

difficulties of processing and

transporting it.

Mr. Vance has also put forward a proposal for a simple ratification of the Vladivostok agreement.

Yesterday Mr. Vance put for-

ward two proposals intended to meet, but excluding the stalled SALT II negotiations moving again. The first, Backfire bomber, disagreement called for both sides to sharply over how and whether to include reduce their numbers of strategic Cruise and the Backfire in a missiles and bombers. Mr. Vance second arms limitation agree- said he suggested an approximate ment has been the principal number for the cuts. He is cause of the impasse in, the believed to have suggested a negotiations.

## USSR ponders Vance proposals

BY DAVID SATTER

MOSCOW, March 29.

MR. CYRUS VANCE, the U.S. Secretary of State, met this morning for two hours with Mr. Andrei Gromyko, the Soviet Foreign Minister, in the Kremlin.

They did not discuss the two strategic arms limitation proposals presented by Mr. Vance yesterday, supposedly because the Russians are studying them.

This calls on member nations to ban the transfer of Rhodesian funds within their borders.

Mr. Hodding Carter, the U.S. State Department spokesman,

said he did not know what the move which would force the agenda was for today's session.

closure not only of the Washington office but also those in Australia and France.

It was made up of arms control negotiator Mr. Paul Warnke.

Mr. Hodding Carter, the U.S. State Department spokesman,

said he did not know what the move which would force the agenda was for today's session.

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Court to review plutonium plant ban

BY JAY PALMER

WASHINGTON, March 29.

THE U.S. Supreme Court has agreed to consider whether further safety studies are needed before the Government goes ahead with the licensing of plutonium reprocessing facilities.

The court said yesterday that it will review a lower court decision which banned the much-needed development of new energy sources and urged that the lower court decision be overturned.

President Carter is expected to include a proposal to delay indefinitely the licensing of plutonium plants in his energy package to be unveiled next month.

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## WORLD TRADE NEWS

# Japan's productivity offsets decline in competitiveness

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, March 29.

JAPAN'S INTERNATIONAL IN shipbuilding Japan's production competitiveness as measured by ton costs were still about 30 per cent. less than the European a combination of exchange rate, less than the European adjustments and wholesale price average. In steel Japan was more increases has declined in relation to all other major industrial nations since the Smithsonian currency settlement of January 1972. Mr. Eme Yamashita, former Japanese Vice-minister for International Trade and Industry claimed today in a speech to European businessmen.

Mr. Yamashita quoted figures showing that the yen had appreciated by 6 per cent. against the U.S. dollar between the setting of the Smithsonian rates and October 1976 while wholesale prices had risen 70 per cent. giving a coefficient for Japan's competitive position of 81.6. Over the four-and-a-half year period, similar calculations for the U.S., Britain, France and West Germany show declines of 55 per cent., 20 per cent. (taking into account the sharp fall in the pound), 53 per cent. and 77 per cent. (the latter figure reflecting the high appreciation of the D-mark).

Mr. Yamashita said that Japan seemed, on the basis of these figures, to have suffered a bigger erosion of its power to compete in foreign markets than any other industrial country. The erosion was offset, however, by Japan's massive initial advantage in the productivity of basic industries such as steel, cars and ships.

The productivity gap in the motor industry was illustrated, Mr. Yamashita said, by the fact that one Japanese worker at Toyota or Nissan could turn out 40 cars a year, compared with 17 for motor industry workers in France and 11 for West Germany.

reducing the share of imported raw materials (other than oil).

He made the point that some Japanese industries had suffered a historical loss of competitiveness since the oil crisis (though not those involved in exporting to Europe). Higher power and utility costs meant that it was no longer economic to smelt aluminium and non-ferrous metals in Japan. The high cost of imported naphtha was eating into the competitive strength of the Japanese petrochemical industry and making it hard for the industry to export resin to Asia.

Mr. Yamashita was Japan's Permanent Vice-Minister of International Trade and Industry during 1973 and 1974. He is currently secretary general of the newly formed Japanese research organisation, the World Economic Research Group. Later this year he is due to take up a post as a senior adviser to Mitsui Bussan, Japan's second largest general trading company.

Kawasaki Steel said it plans to raise domestic steel sheet prices for which contracts will be closed from April 1, for May onward delivery and will shortly open talks with major steel users, such as car and electrical equipment makers, on the planned increase. It said its new price of hot rolled steel sheets in coils will be Y173,000 per tonne against the present Y66,500 with cold rolled sheets of Y37,000 (Y179,100), and titanium plates of Y161,700 (Y149,200).

This is the first steel price rise announced by a Japanese producer this year, and industry sources said other producers are likely to follow suit soon.

Such a danger, Mr. Yamashita said, would have to be combated by the "horizontalisation" of Japan-Europe trade, meaning that the two sides would increasingly come to exchange the same kinds of goods with one another including a wide range of capital goods and manufactured consumer goods. Japan would have to find room in its imports for more manufactured goods by

Saudis confirm Philips's bid of \$6.7bn.

By Richard Jones

PHILIPS' price for carrying out Saudi Arabia's nationwide switching project was £24m. Saudi riyals (Rs.765m), compared with one of \$8.5bn estimated by the Ministry of Posts Telegraphs and Telephones.

The final figure set by the Dutch company after a year's direct negotiations was made public by Mr. Alawi Kayali, Minister of PTT in an interview with the newspaper Al-Medina a few days ago. He confirmed that the company was included among those invited to bid for the project under a limited tender.

Last month the Saudi Government called off the talks with Philips after it had been unable to reconcile the enormous discrepancy between the Ministry's estimate and the company's price. The project would increase the number of telephones operating in the Kingdom from 200,000, to

such a system would achieve savings of between £25m. and £30m. The number of staff needed for delivery could be reduced by about 10,000.

"In principle the introduction of single deliveries has been accepted," claims the Post Office, which says the practice already exists in a number of countries.

Even on pessimistic assumptions, the letter service can be made viable until at least 1980.

The corporation argues, despite two key trends which go against the postal business—it is labour-intensive, and its competitors in personal communications are in a stronger position.

The postal service's high labour content could mean that there are dramatic postal price increases on the way unless there is an early fall in the Retail Price Index. The business plan predicts that prices can be expected to rise a little faster than the RPI, on the assumption that real wages will move up faster than the index.

This is despite the fact that the round of increases now before the Price Commission are for an average increase on letters of some 9 per cent. following an 18-month period of price stability in which the RPI has risen by some 25 per cent.

## HOME NEWS

# Post Office calls for once-a-day deliveries

BY KEVIN DONE INDUSTRIAL STAFF

LETTER DELIVERIES would be cut to once a day and the parcels service would be greatly reduced if the main proposals of the Post Office's five-year postal business plan are implemented.

Details of such plans are usually kept secret—but the 1976 postal business plan has been made available to the Post Office Review Committee as part of the mass of evidence provided by the corporation.

The committee, under the chairmanship of Mr. Charles Carter, vice-chancellor of Lancaster University, has been studying the total structure and performance of the Post Office for nearly 18 months. It is now putting the finishing touches to its report, which is expected to be presented to the Department of Industry shortly.

In its evidence, the Post Office points the way to how a viable postal service can be built for the foreseeable future.

Such a system would achieve savings of between £25m. and £30m. The number of staff needed for delivery could be reduced by about 10,000.

"In principle the introduction of single deliveries has been accepted," claims the Post Office,

which says the practice already exists in a number of countries.

The Post Office is puzzled that aim for profitability as the only its letter traffic has continued to fall in the last 18 months, three years; if it were not to succeed—the alternatives would be withdrawal or a subsidy specifically for parcels."

Unit costs must be contained by taking the greatest possible advantage of such productivity as can be achieved and in the letter post plan the best financial returns can come from the mechanisation of letter-handling in sorting offices.

"The plan to equip 80 offices with code-set equipment will reduce a further capital expenditure of about £50m. plus £15m. needed for equipment (at 1976 prices). A detailed financial appraisal carried out in 1973 gave a most likely outcome of savings in net present value terms of £30m." says the Post Office evidence.

The corporation expects its letter monopoly to come under increasing attack, but says that it would be impossible to provide a relatively cheap country-wide service without it.

Despite declining traffic it predicts that there will be small growth in some segments of the business and social letter markets, which will be isolated and developed. It seems willing to depart from national pricing standards to allow more local discretion.

Positive marketing is accepted as a way of seeking to provide new services to maximise the increases will lead to a considerable loss of traffic."

It is clearly concerned that Government intervention on message market as two of the price increases could hinder the small number of potential large return to profitability and says growth areas. In the medium term that the Government appears to term a net increase in direct or postal financing.

The Post Office regards its 1981 is being sought.

Miner go on radiat regis

By David Fishlock, Science Editor

ABOUT 1,500 m underground mine coal miners—such as haematite and gypsum—are to be included in national register workers.

This was announced by Dr. Andrew McNational of the National Registration Board, "what for all kinds of ra

The radiation re early last year, al lifetime check whose work could contact with high levels of ionising X-ray workers.

The non-coal m exposed to above-ground radon and its "daughters" release of uranium nature the rock.

The radioacti accumulate in por parts of a mine has recently been Health and Safety in the case of non-c

The Board among experimental p begin to settle a of opinion and Russian safe over what const radiation.

Positive marketing is accepted as a way of seeking to provide new services to maximise the increases will lead to a considerable loss of traffic."

At present Brita U.S. limit of 10 micrometre radiat based damage to what a of the man's interc across the eyes.

The Russians's 1,000 times lower belief that microc can damage the br National Radiolog Board: The work 1974-77. Stationery

Britain e more and more pa

SALES OF past have been grow and other veg have continued to

ing to a sur yesterday by

Annual consum half a pound a 11 lb in 1976, am predicts consum by 1980.

There has b use in such out hospitals, prison dining rooms. Bi increase has a promotion of c darts in superm

The biggest g from a very su been in the wherous pasta as spaghetti t rings.

## SNOW REF

Drip tons. Depth cms.

Andermatt ... 40-37

Austria ... 152-221

Good weather but wind

Cooper ... 230-28

Good weather but wind

Grindelwald ... 4-9

Licht ... 200-240

Fresh snow but visibility

St. Anton ... 1-50

Excellent powder

Val d'Isere ... 10-15

Piste condition good

Very strong winds

The above report

representatives of the

SWITZERLAND Davis ... 35-50

1884 Grace

# Chrysler U.K. wins £2.5m. van order

BY TERRY DODSWORTH

COUNCIL HOUSE

ANOTHER BOOST for Chrysler new sales will help revive the

fortunes of Chrysler's flagg

ing division with a

day with a £2.5m. order from the commercial vehicles

Post Office for 1,183 Spacevan

—which last year fell a little short

The order follows only weeks of the targets set out in the

the after Chrysler won £3m. worth of

Government-backed rescue plan a

similar business from the Post year ago. The company has been

Office, which has been buying

forecasting a significant rise in

the Dunstable-built vans for nine

years and has about 14,000 in

service throughout the country.

These two orders together

bring the total number of

Chrysler vans to be supplied to

the Post Office this year up to

2,455.

There is no doubt that these £8m. to Bedford.

The Post Office, which has

ordered the new vans for its tele

communications business,

recently placed an order for

5,600 of the smaller Bedford HA

light vans. This contract is worth

£1.5m. to Bedford.

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JK printed

# We deliver.

U.K. wins  
an order

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Map by George Philip and Son Ltd. © 1977.

**Midland Bank International**  **Delivers.**

**Who is building a new helicopter to advance the offshore search for new oil and gas supplies ?**

**Who just won a \$15-million contract to supply gas turbine compressor systems in the North Sea's largest gas field ?**

**Who builds more jet engines and elevators than anyone else in the world ?**

**Who spent nearly \$1 million a day for research and development in 1976 ?**

**Who sent Viking on its way to Mars and helped guide it to a gentle touchdown ?**

**Who has tripled earnings in the last five years ?**

**Who supplies jet engines to more than 200 of the world's airlines ?**

**Who just won a U.S. competition for a military helicopter with great potential for European sales ?**

**Who has increased sales by 155 per cent over the last 5 years ?**

**Who moves the equivalent of the world's population by elevator and escalator every nine days ?**

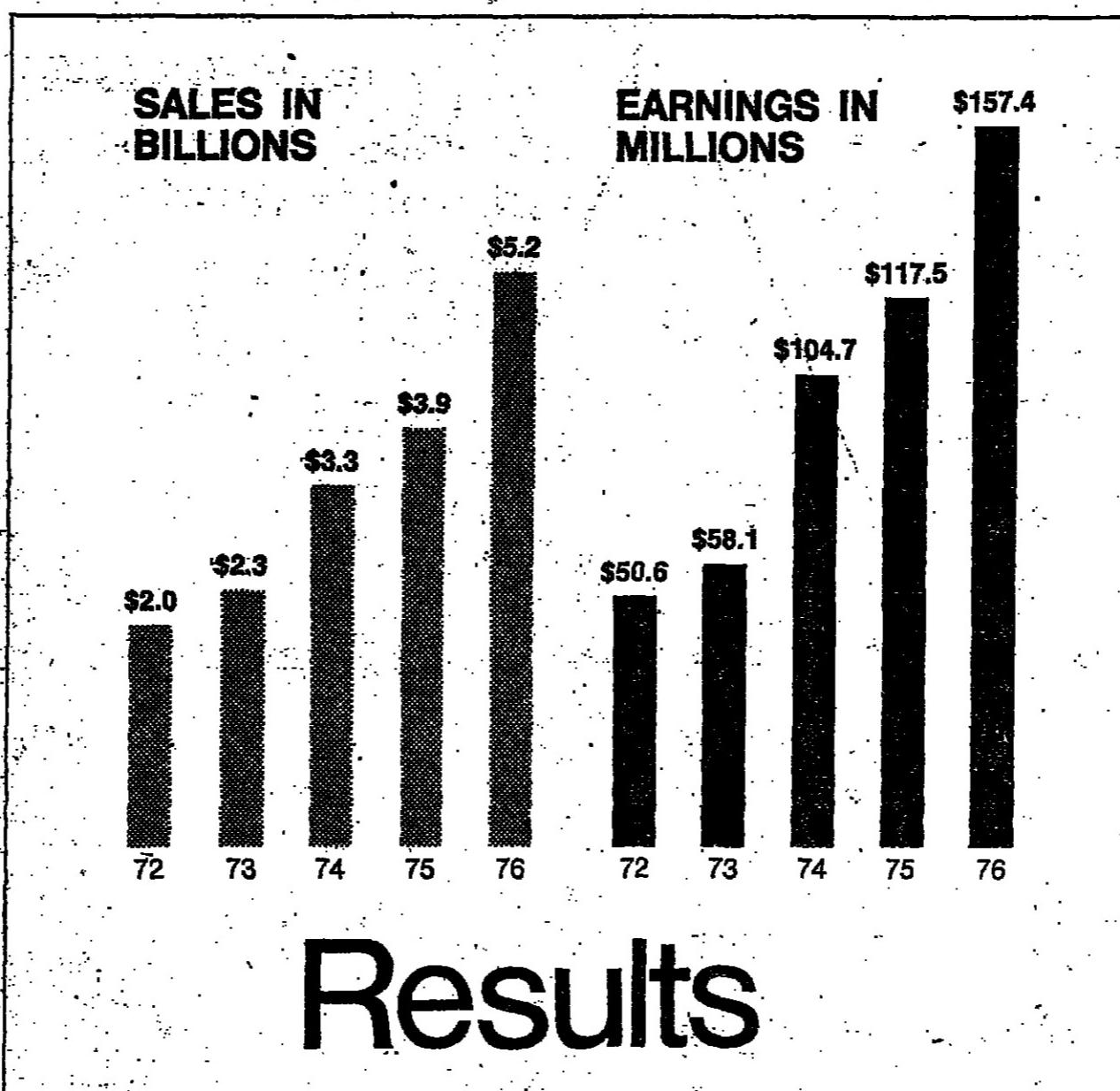
J.P. Yannas 11/10

Who moves the  
equivalent of the  
world's populat  
elevator  
and escalator  
every nine days?

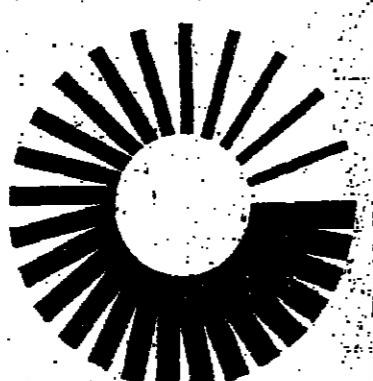
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Power Systems Division • Norden • Chemical Systems Division • United Technologies Research Center

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## • WATER POWER

### Water mill makes a comeback

ALTERNATIVE technology, which, it says, combines with power derived from the "modest capital outlay with sun and the wind and imposing minimal running costs."

Gilkes, Gilkes and Gordon has designed its Hydec wheel because of the search in Water power, because of the high costs usually associated with installations small enough for a single establishment or a tiny hamlet, has not figured in the discussions to any great extent.

Now, however, a British heavy burden on national group in Kendal has brought services out a small generating set. At the heart of the Hydec is

the Turgo impulse wheel, for which Gilkes is the sole manufacturer. It is simple and easy to maintain and provides the company with a unit that allows it to offer the Hydec for output from 5 kW under heads as low as 30 feet up to 150 kW under heads of 300 feet — with the proviso that the required flow is available.

Bearings are designed for a minimum of 30,000 hours at constant speed.

Four basic sizes of set make up the range and they can be single or twin jet so that there are eight versions in the Hydec line.

Casing is in cast iron or fabricated mild steel for mounting on concrete. The runner is of cast iron, made from a single casting to the company's patent while the nozzle(s) are in gunmetal.

The generator and control panel can be supplied to any standard low voltage in single or three phase.

More from Gilkes and Gordon, Kendal, Cumbria LA9 7EZ, 0539 2028.

## • METALWORKING

### High speed melting

ELECTRIC induction furnaces are particularly suited to high 1977 exhibition (April 28-May 6) melting rates as high power Birmingham where a medium densities can be applied to frequency double push-out type crucibles. Melting rate depends upon the alloy concerned, is between two and four times faster than a fuel fired crucible furnace of comparable size.

Suitability to alloy melting combined with a rapid melting melted without contamination will be demonstrated on the from residual material on the 30 Millbank, London SW1P 4RD. Electricity stand at the Foundry refractory linings. In addition, 01-534 2333.

Furnace is two induction coils with a crucible in each. This pot-changing facility allows for continuous casting of copper

and many dissimilar alloys to be used.

More from Electricity Council, More from Electricity Council, 30 Millbank, London SW1P 4RD. Electricity stand at the Foundry refractory linings. In addition, 01-534 2333.

#### Notice of Redemption

#### Rockwell International Corporation (formerly North American Rockwell Overseas Corporation)

7½ % Guaranteed Notes Due 1979

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Fiscal Agency Agreement dated as of May 1, 1972 under which the above described Notes were issued, First National City Bank (now Citibank, N.A.) as Fiscal Agent, has drawn by lot for redemption on May 1, 1977 through the operation of the sinking fund provided for in the said Fiscal Agency Agreement, \$5,750,000 principal amount of Notes of the said issue of the following distinctive numbers:

#### COTTON NOTES OF \$1,000 PRINCIPAL AMOUNT OUTSTANDING

1	345	1121	1788	2406	3012	3564	4161	4773	5473	6023	6602	7233	7828	8405	9080	10705	11377	11974	12697	13285	13772	14292
2	346	1122	1781	2416	3021	3567	4162	4784	5484	6042	6720	7305	7905	8485	9160	10735	11407	12083	12763	13443	14109	14790
3	347	1123	1799	2421	3026	3573	4173	4814	5446	6064	6804	7353	7913	8482	9147	10893	11712	12374	13083	13760	14409	15079
4	348	1124	1799	2421	3026	3573	4173	4814	5446	6064	6804	7353	7913	8482	9147	10893	11712	12374	13083	13760	14409	15079
5	349	1125	1798	2421	3026	3574	4173	4814	5446	6064	6804	7353	7913	8482	9147	10893	11712	12374	13083	13760	14409	15079
6	350	1126	1798	2421	3026	3574	4173	4814	5446	6064	6804	7353	7913	8482	9147	10893	11712	12374	13083	13760	14409	15079
7	351	1127	1798	2421	3026	3574	4173	4814	5446	6064	6804	7353	7913	8482	9147	10893	11712	12374	13083	13760	14409	15079
8	352	1128	1798	2421	3026	3574	4173	4814	5446	6064	6804	7353	7913	8482	9147	10893	11712	12374	13083	13760	14409	15079
9	353	1129	1798	2421	3026	3574	4173	4814	5446	6064	6804	7353	7913	8482	9147	10893	11712	12374	13083	13760	14409	15079
10	354	1130	1798	2421	3026	3574	4173	4814	5446	6064	6804	7353	7913	8482	9147	10893	11712	12374	13083	13760	14409	15079
11	355	1131	1798	2421	3026	3574	4173	4814	5446	6064	6804	7353	7913	8482	9147	10893	11712	12374	13083	13760	14409	15079
12	356	1132	1798	2421	3026	3574	4173	4814	5446	6064	6804	7353	7913	8482	9147	10893	11712	12374	13083	13760	14409	15079
13	357	1133	1798	2421	3026	3574	4173	4814	5446	6064	6804	7353	7913	8482	9147	10893	11712	12374	13083	13760	14409	15079
14	358	1134	1811	2423	3027	3575	4173	4815	5447	6065	6805	7354	7914	8483	9148	10894	11713	12375	13084	13761	14410	15080
15	359	1135	1811	2423	3027	3575	4173	4815	5447	6065	6805	7354	7914	8483	9148	10894	11713	12375	13084	13761	14410	15080
16	360	1136	1811	2423	3027	3575	4173	4815	5447	6065	6805	7354	7914	8483	9148	10894	11713	12375	13084	13761	14410	15080
17	361	1137	1811	2423	3027	3575	4173	4815	5447	6065	6805	7354	7914	8483	9148	10894	11713	12375	13084	13761	14410	15080
18	362	1138	1811	2423	3027	3575	4173	4815	5447	6065	6805	7354	7914	8483	9148	10894	11713	12375	13084	13761	14410	15080
19	363	1139	1811	2423	3027	3575	4173	4815	5447	6065	6805	7354	7914	8483	9148	10894	11713	12375	13084	13761	14410	15080
20	364	1140	1811	2423	3027	3575	4173	4815	5447	6065	6805	7354	7914	8483	9148	10894	11713	12375	13084	13761	14410	15080
21	365	1141	1811	2423	3027	3575	4173	4815	5447	6065	6805	7354	7914	8483	9148	10894	11713	12375	13084	13761	14410	15080
22	366	1142	1811	2423	3027	3575	4173	4815	5447	6065	6805	7354	7914	8483	9148	10894	11713	12375	13084	13761	14410	15080
23	367	1143	1811	2423	3027	3575	4173	4815	5447	6065	6805	7354	7914	8483	9148	10894	11713	12375	13084	13761	14410	15080
24	368	1144	1811	2423	3027	3575	4173	4815	5447	6065	6805	7354	7914	8483	9148	10894	11713	12375	13084	13761	14410	15080
25	369	1145	1811	2423	3027	3575	4173	4815	5447	6065	6805	7354	7914	8483	9148	10894	11713	12375	13084	13761	14410	15080
26	370	1146	1811	2423	3027	3575	4173	4815	5447	6065	6805	7354	7914	8483	9148	10894	11713	12375	13084	13761	14410	15080
27	371	1147	1811	2423	3027	3575	4173	4815	5447	6065	6805	7354	7914	8483	9148							

## HOME NEWS

**C gives**  
m. aid to  
inspecting  
uranium

4 Fishlock,  
Editor

is making over £2m. on a shared-risk basis search for new sources m, in an extension of a scheme first last August.

£5's energy directorate d to fund from 30-70 of the search, up to ncing any stage from ance to the feasibility plications, which must be April 8, are ided through the De- of Industry.

reconnaissance by Atomic Energy Autho- disclosed two sources which may warrant exploitation in Scotland and the one in south-west

alia, the Central Elec- Board has set t venture with a Sydney company, or uranium. The areas will be prospecting been disclosed.

the CEGE made it would take a direct in exploration for a view of the develop- mental interests in power and the uner- tanium supplies in the

Ramsay writes from can is about to send of irradiated nuclear reprocessing plant of clear Fuels at Wind- Embassy sources con-

was authorised early by BNFL the Japanese and the U.S. Govern- must sign off on any supply of nuclear fuels applied by the United

e economy it off ing'

ERTY owners to post- and decorating was Mr. F. C. Turner, newly-elected pres- National Federation and Decorating Con- id yesterday at the annual meeting in

starts to penetrate ss and putty, causing it and rust-in metal, and baking paint lets windowsills are only the start of which in the end will more troublesome and to put right than the saving which caused er predicted that the was likely to be even lit than the past two ining firms relying sub-contract work for light be particularly

## Devolution plans of Liberals may come under fire

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE CONTROVERSIAL devolu- Liberal leader, the Minister will tion proposals from the Liberals, have had a joint meeting with which are to be put to Mr. the Scottish and Welsh executives Michael Foot, Lord President, of the Labour Party and the a meeting to-day is likely to two Secretaries of State, Mr. turn into opposition from the Bruce Millan (Scotland) and Mr. Scottish and Welsh Labour John Morris (Wales).

The Liberal Party demanded progress on devolution for Scotland as part of its price for the pact with the Government and wants separate Bills for the Scottish and Welsh Assemblies.

Revenue raising powers through income-tax and some

North Sea oil royalties for Scotland, a much clearer division of powers between Edinburgh and London and a constitutional court to adjudicate disputes are also demanded.

But before these suggestions are formally put today to Mr. Foot by Mr. David Steel, the

## Education debates completed

By Michael Dixon,  
Education Correspondent

THE GOVERNMENT had learned a lot from its eight regional conferences on education reform. Mr. Gordon Oakes, Minister of State for Education and Science, said at the last of the conferences in Exeter yesterday.

"We haven't talked enough before to parents, students and to industry and trade unionists. But in these debates we have tried to bring them together," he said.

He could recall no previous occasion when there had been such open and detailed debate on education.

The next item on the Government's schedule is the publication of a discussion document proposing reforms. Many informed observers believe that, although the proposals have not yet been finally approved by Ministers, the document has existed in draft form since before the regional conferences started in February.

## British federation proposed by Grimond

ENGLAND MUST act as one of taxation — with only three country in a federal system of broad exceptions, defence, foreign government, Mr. J. Grimond, affairs and overall economic planning.

The former Liberal leader told a meeting of the European Round Table in London that powers should be clearly apportioned.

The snag of course are the disparity of size between England, Scotland, Wales and Northern Ireland, and the lack of enthusiasm for federation in England.

Mr. Grimond said Scotland should be directly represented in Europe.

The Devolution Bill in its present form would not get through, said Mr. Grimond.

"I believe we should leave as much power as possible to the districts, abolish the regions in Scotland and leave everything which cannot be discharged locally to the Edinburgh Parliament including the major amount

out."

## Industry 'has duty to youth'

COMPANIES should recognise of thousands of pounds are spent that they have a responsibility on recruiting and training people for developing the potential of who leave their jobs long before young people, Sir Derek Ezra, they have contributed anything chairman of the National Coal like their real potential to the Board and president of the organisation where they are British Institute of Management, employed.

For those who stay, attitudes

Sir Derek speaking to 50 and behaviour at work will be senior industrialists from the largely determined by their early north and north-east at Lindsey experience of their employment Lodge, Swinton, Yorks.—said: and the people with and for "Every year in Britain hundreds whom they work."

### NOTICE OF REDEMPTION

To the Holders of

FUJI PHOTO FILM CO., LTD.

(Fuji Shashin Film Kabushiki Kaisha)

63 1/2% Convertible Sinking Fund Debentures due October 20, 1985

IT IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of November 1, 1970, between Fuji Photo Film Co., Ltd., and Morgan Guaranty Trust Company of New York, the Debentures outstanding under said Indenture have been for redemption on April 20, 1977 at the redemption price of 105% of the principal amount together with accrued interest to April 20, 1977.

or after April 20, 1977, the Debentures will be paid upon presentation and surrender thereof Corporate Trust Office of Morgan Guaranty Trust Company of New York, 1000 Broadway, or at the principal offices of Morgan Guaranty Trust Company of New York, New York 10015, or at the principal offices of Morgan Guaranty Trust Company of New York, New York City, of the Bank of Tokyo Trust Company in New York City, of Bank of Tokyo, Limited, in Frankfurt/Main, the City of London and Paris, of The Mitsui Bank Limited in London and New York City, of the Bank of Tokyo Trust Company in New York City, of N.M. Rothschild & Sons Limited and S.C. Warburg & Co. Limited in the City of London, of Banca Iher & C. S.p.A. in Milan and Rome and of Kreidelschein S.A. Luxembourgische Luxembourg.

Debentures surrendered for redemption should have attached all coupons maturing after April 20,

Coupons due April 20, 1977 should be detached and collected in the usual manner. From and April 20, 1977 interest shall cease to accrue on the Debentures.

right to convert the Debentures into Common Stock of Fuji Photo Film Co., Ltd. (Fuji Shashin Kabushiki Kaisha) (the "Company") will terminate at the close of business on April 20, 1977.

Debentures surrendered for conversion prior to April 20, 1977 will be entitled to accrued interest and must have attached the April 20, 1977 coupon and all coupons thereafter. Debentures surrendered for conversion on April 20, 1977 will be entitled to a date on such date but must have attached the October 20, 1977 coupon and all coupons thereafter.

Debentures are presently convertible into Common Stock of the Company at a price of 402.3

yen per share. The reported closing price on March 1, 1977 of the Common Stock of the company on the Tokyo Stock Exchange was 855 Japanese Yen per share.

FUJI PHOTO FILM CO., LTD.

: March 15, 1977

A wholly owned subsidiary of

## Baker Perkins Holdings, Ltd.

Peterborough, England

has acquired the minority interest in its United States subsidiary

## Baker Perkins Inc.

The undersigned acted as financial advisor in connection with this transaction.

WM SWORD & CO.  
INCORPORATED

March 1977

J.P. Lafferty

## Banque Nationale de Paris Limited

# Steady expansion maintained in 1976

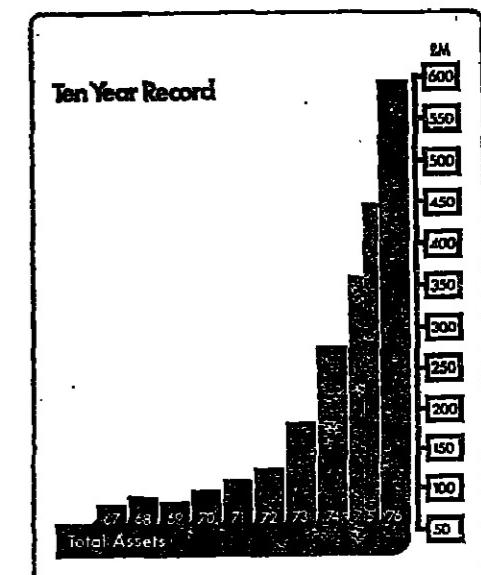
Extracts from the Statement by the Chairman,  
Sir Patrick Reilly, s.c.m.g., b.e.e.

In a year of manifold uncertainties in the world-wide economic situation and in the United Kingdom, Banque Nationale de Paris Limited maintained the steady expansion of recent years, and the rate of increase in our profits actually improved.

Total assets increased from £449,784,273 to £597,246,997. Inevitably there was a considerable increase in general expenses: but in comparison with the corresponding previous period, the rate of this increase was less than that of turnover and profits. The net profit after tax increased from £1,168,240 to £1,900,951.

The main areas of business development have once more proved to be foreign exchange, and sterling and foreign currency treasury operations for a very select clientele.

We look forward with confidence to the continued progress of our Bank.



## Banque Nationale de Paris Limited

Head Office Knightsbridge Branch Representative Offices  
Plantation House, 60 Brompton Road, 11/12 Park Row, Wellington House, 10/16 Mincing Lane, London, SW1 2BW, 21 Melville Street, Edinburgh, EH3 7PE, Tel: 01-569 4451  
London EC2R 5BD, Tel: 228 3368  
Tel: 01-526 5678  
Tel: 01-44 36 33  
Tel: 238 9735

BNP Head Office:  
Banque Nationale de Paris, 16, Boulevard des Italiens, Paris 75009.



## RUSTENBURG PLATINUM HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

### DECLARATION OF DIVIDEND AND INTERIM REPORT

#### DIVIDEND

DIVIDEND NO. 48 of 25 cents per share, South African currency, has been declared payable to members registered in the books of the company at the close of business on 15th April, 1977.

The dividend is declared subject to conditions which can be inspected at or obtained from the company's Johannesburg Office or the Office of the London Secretaries (Barnaba Brothers Limited of 99, Bishopsgate, London EC2M 5XK).

Subject to the said conditions, payments by the London Secretaries will be made in United Kingdom currency at the rate of exchange quoted by the company's bankers on 2nd May, 1977; provided that if the company's bankers being unable to quote such a rate of exchange on that day, then the currency of the Republic shall be converted at the rate of exchange quoted by the company's bankers on the next succeeding day on which such a rate is quoted.

Dividend warrants will be posted either from the Johannesburg Office or the Office of the London Secretaries as appropriate, on 12th May, 1977.

South African Non-Resident Shareholders' Tax at the rate of 15% and United Kingdom Income Tax will be deducted from the dividend where applicable.

The Share Transfer Books and Register of Members will be closed from 16th to 24th April, 1977, both days inclusive.

#### INTERIM REPORT

The estimated consolidated financial results for the six months to 28th February, 1977, together with comparable figures are set out below:

	Half Year 28.2.77	Half Year 28.2.76	Year 31.3.76
	R'000	R'000	R'000
Profit from sales of metals including dividends from the Matthey Rustenburg Refiners group	23,700	28,000	53,200
Deduct:	4,100	5,000	8,100
Provision for possible losses on foreign loans	1,700	1,700	3,300
Net interest paid	2,400	3,300	5,800
Profit before taxation	19,600	23,000	44,100
Deduct:			
Taxation and State's share of profits	1,000	4,300	7,200
Profit after taxation	18,600	18,700	36,900
Deduct:			
Dividend declared	3,100	3,000	12,300
Available for transfer to reserves	15,500	15,700	24,600

Head Office and Registered Office:

Consolidated Building,

Corner Fox and Harrison Streets,

JOHANNESBURG, 2000.

(P.O. Box 586, Johannesburg, 2000).

For and on behalf of the Board,

ALBERT ROBINSON  
K. W. MAXWELL  
Directors.

29th March, 1977.

Rustenburg's deliveries of platinum and palladium for use by the Ford Motor Company have been lower during the period under review than for the corresponding period in the 1976 financial year. This has occurred as a result of the strike at Ford in September and October last year as well as the closure of some of the Ford plants during the extreme weather conditions in January and February this year.

The lower level of demand for platinum by the Japanese jewellery industry, referred to in the Chairman's Review of 2nd February, has not yet improved and seems to be the result of a decrease in disposable income in that country.

Rustenburg's published price of palladium was raised from U.S.\$55 to U.S.\$60 per ounce on the 21st January, 1977 and the published price of rhodium was raised from U.S.\$200 to U.S.\$450 per ounce on the 1st March, 1977.

If the prices for platinum and the by-product metals do not increase from the present levels and if there are continuing increases in costs as have occurred in recent months, the Board is concerned that profits for the second half of this financial year may be below those for the first half.

# Carliol

Investment Trust Limited

The 70th Annual General Meeting will be held on 22 April, 1977. The following is an abbreviated statement by the Chairman, Mr. D. A. Pease:-

The underlying principle on which the Trust's investment policy has been based is that of spreading the risk between different currencies and industries. The final results have shown some diminution of asset value per share but a substantial increase in revenue and in dividend distribution.

The total income of the company reached a record figure with an increase of 22% on the previous year.

The total dividend has been increased by 20% to 3.30p per share (1976 2.75p per share). A second interim in lieu of final will be paid on the 4th April, 1977. This is the eighth successive annual increase in distribution.

The British share market is buoyant and currently stands at a three and a half year peak. This performance would seem to ignore current industrial and political problems and anticipates improved trade and financial conditions in the U.K., occasioned by strength in the balance of payments through improved terms of trade and oil revenues.

I feel that in spite of this country's much publicised difficulties the outlook for ordinary shares is improving. Earnings multiples are still historically low and inflation at the current level of about 20% gives little protection to any investment not linked to the real values which equities provide over the longer term.

## SUMMARY OF RESULTS

	31.1.77	31.1.76
Total Net Assets	£17,307,100	£18,710,896
Net Asset Value per Ordinary Share	137p	153p
Net Revenue	£870,015	£801,612
Per Ordinary Share		
Earnings	3.63p	2.94p
Dividend	3.30p	2.75p

Copies of the Annual Report available from the Secretary at Milburn House, Newcastle upon Tyne, NE1 1LU. Telephone: 0632-28995.

# The Tyneside Investment Trust Limited

The 70th Annual General Meeting will be held on 22 April 1977. The following is an extract from the statement by the Chairman, Mr. R. H. Dickinson:-

During the year under review our gross income increased by 23%, and the Board have declared a second interim dividend, in lieu of final, of 2.30p per share, making 3.30p for the year - an increase of 20% over 1976.

The net asset value per share fell by approximately 10% during the year compared with a fall in the FT Ordinary Share Index of 6%, and is mainly attributable to a fall in the Dollar Premium representing 15p per share. Since the year end the premium has recovered from 29% on \$1.71 to 40%.

Since the Government's successful application to the International Monetary Fund for a large international loan, the sterling exchange rate has stabilised and if Government expenditure can be brought under control and the rate of inflation further reduced, the outlook for the United Kingdom economy, with increasing benefits from North Sea oil over the next few years, is more encouraging than it has been for some time.

However, recent events in the motor industry highlight the difficulties, resulting in the main from erosion of pay differentials, which the Government faces in devising a third stage of its incomes Policy.

Until the outlook for the U.K. economy and the sterling exchange rate is a good deal clearer, we do not propose to reduce the international spread of the Company's portfolio, which has stood us in such good stead over recent years.

## SUMMARY OF RESULTS

	31.1.77	31.1.76
Total Net Assets	£9,872,053	£10,779,638
Net Asset Value per Ordinary Share	131p	147p
Net Revenue	£223,026	£179,337
Per Ordinary Share		
Earnings	3.49p	2.79p
Dividends	3.30p	2.75p

Copies of the Annual Report available from the Secretary at Milburn House, Newcastle upon Tyne, NE1 1LU. Telephone: 0632-28995.

# LABOUR NEWS

## Pay move threatens unity of AUEW

BY ALAN PIKE, LABOUR STAFF

THE FRAGILE unity of the four sections of the Amalgamated Union of Engineering Workers will be stretched to possible breaking point by a decision yesterday that the dominant engineering section should again decide its own way on pay policy.

Mr. Baldwin has already made it clear that he will voice his strong disenchantment about remaining in the AUEW amalgamation when his own construction section conference meets later in May and yesterday's decision will strengthen his hand.

There is also likely to be criticism of the move at the conferences of the other sections - foundry and staff - which meet before the national committee.

Engineering workers are unhappy about the effects of incomes policy on pay differentials and the AUEW can be expected to take a tough line towards any third phase of policy wherever the decision is reached.

## Jack Jones accuses Mail of 'lies campaign'

BY OUR LABOUR STAFF

Mr. Jack Jones, general secretary of the Transport and General Workers' Union, yesterday accused the Daily Mail of promoting a "Goebbels-type" lie campaign against trade union leaders.

Yesterday the newspaper accused Mr. Jones of using elderly patients as pawns in the Surrey hospitals dispute. The dispute, which affects five hospitals in the Epsom area, is over new working rotas and the dismissal of 32 staff for alleged breach of contract.

The Mail claimed patients were shivering in cold wards because blocking pickets had turned back oil supplies for the central heating. Mr. Jones said every possible effort was being made to ease the patients' discomfort.

His accusations should again be debated by its national committee when it meets at Eastbourne in May rather than await the conference of the full union the following week.

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## Pontin's seeks injunction

The high court is to decide today whether to grant an injunction ordering 88 strikers at Pontin's holiday camp at Prestatyn, North Wales to end their occupation.

Pontin applied for the injunction yesterday, because the holiday season begins at Easter.

### Disbanding move

Delegates representing more than 2m white collar workers will discuss whether the 50-year-old National Federation of Professional Workers should be disbanded at to-day's annual conference in London.

### Bangers and cash

Six hundred workers at a Scottish sausage skin manufacturing company, Devro, are to receive pay rises of £1140 a week linked to productivity increases.

### APPOINTMENTS

## Lloyds Bank executive posts

Mr. George Williams has been appointed to the main Board of LLOYDS BANK from April 1 and will also succeed Mr. W. F. Cartwright as chairman of the South Wales Regional Board. Mr. Williams, who has been a regional director since 1972, is chairman of Christie-Tyler.

Mr. M. V. Nyren is to become managing director and chief executive of the mining technical services and process plant design company SELTRUST ENGINEERING, member of the Sedgerton Trust group, from April 1. Mr. R. V. Rumble, who relinquishes the position of chief executive after reaching normal retirement age, continues as chairman, in a non-executive capacity. Mr. T. A. Wells, at present general manager, becomes deputy chairman.

Mr. Andrew Chrysostom has been appointed managing director for the UK and Ireland of BAUSCH AND LOMB Sodien division. He was formerly with Allergan Canada where he was manager of Canadian operations.

Mr. Robert M. Bennett, a dockmaster, has been appointed non-executive director of TURKEY DOCKS AND HARBOUR COMPANY. He replaces Mr. John P. King, the first worker director to be appointed, who served on the Board for two years.

Mr. David Gunn has been appointed to the Board of BUILDING (PUBLISHERS).

Mr. S. J. Wileman has been appointed purchasing director of JOHN F. RENSHAW AND CO.

Mr. Nigel Bullett has been appointed divisional director, planning and control of NCR. Mr. Fred Bates replaces Mr. Bullett as chief accountant.

Mr. Frank R. Pedler has been appointed chairman of the RELIANCE MUTUAL INSURANCE SOCIETY and its subsidiary, British Life Office. He succeeds the late Mr. F. D. N. Simon.

The SHIRT MANUFACTURERS' FEDERATION has elected the following officers for 1977-78: Mr. David Buck (chairman), Mr. Tom Edge (senior vice-chairman) and Mr. Donald Simpson (junior vice-chairman). Mr. Buck will also be honorary treasurer.

Mr. Anthony Hewitt has been appointed general manager and Mr. Martin Latham, manager of the newly-formed UNION BANK OF THE MIDDLE EAST, based in Dubai, United Arab Emirates.

Mr. R. M. W. Hammond, Mr. D. A. Christelow and Mr. G. S. Whitehead have been appointed executive directors of STEL

## BSC meets to-day on Port Talbot closure

By David Churchill, Labour Staff  
MANAGEMENT at British Steel Corporation's Port Talbot works in South Wales meets to-day to decide whether or not to carry out the threat to close the plant because of a strike by 520 electrics.

This follows the electricians' decision last night to stay on strike in spite of their union's executive instruction to return to work. The strikers, members of the Electrical and Plumbing Trades Union, walked out last week over a claim for £15 rises to restore pay differentials with other skilled workers.

BSC had originally threatened

to shut the plant down yesterday,

laying off about 13,000 workers,

but agreed to suspend the decision pending last night's meeting.

But a spokesman said last night that lay-offs would be decided by

the national committee.

After last night's meeting, Mr.

Wyn Bevan, EPTC works

councillor, said the meeting had voted 400 to 65 to throw out the union's recommendation

to return to work while negotiating

a pay rise for small numbers

of men working on new plants.

"We want more money for all

the men," he said.

The Port Talbot plant, which

the Government recently decided

to undergo a major develop-

ment programme, has a capaci-

ty of about 60,000 tonnes a week

although it is presently produc-

ing below this level.

Talks between the Surrey Area Health Authority and the TGWU ended last night with both parties agreeing to meet again to-day with help from the Advisory, Conciliation and Arbitration Service. Mr. Mick Martin, a TGWU national officer, said there had been considerable progress at the meeting.

The type component plant at Dunlop's Speke, Liverpool, rubber factory was at a standstill yester-

day with 1,300 men on three shifts laid off. Some 120 process workers are staging an unequal strike, claiming pay for a meeting in working hours, and are not due to meet again until Friday.

**Speke plant hit**

The tire component plant at Dun-

lop's Speke, Liverpool, rubber

factory was at a standstill yester-

day with 1,300 men on three shifts

laid off. Some 120 process

workers are staging an unequal

strike, claiming pay for a meeting

in working hours, and are not due

to meet again until Friday.

**NOTES:**

1. Bondholders wishing to attend and vote at the meeting must produce to the Chairman their Bonds, or a valid Voting Certificate for the Bonds, in respect of which they wish to vote. Bondholders who do not desire to attend in person may deposit either their Bonds or the Voting Certificates issued in respect thereof with N. M. Rothschild & Sons Limited, for production to the Chairman at the meeting at the undesignated address, at any time prior to the meeting.

The voting rights attached to each Bond or Voting Certificate will be exercised in accordance with any voting instructions given therewith, and in the absence of such instructions the Chairman of the Meeting will vote or abstain at his discretion. Voting Certificates may be obtained from any of the undermentioned paying agents at their offices specified below.

2. Anglo American Corporation of South Africa Limited

has agreed to pay to every paying agent, bank or similar institution with which Bonds are deposited for the purpose

of the issue of Voting Certificates a handling fee of US \$2 in respect of each Bond of US \$1,000 nominal voted at the meeting. Such payment will be made whether or not the resolution to be proposed at the meeting is duly passed.

3. Every question at a meeting of Bondholders is decided on a show of hands unless a poll is demanded. On a show of hands every person present and entitled to vote has one vote. On a poll every person has one vote in respect of each \$1,000 nominal amount of Bonds held or represented by Voting Certificates held by him.

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22 Wall Street

New York

N.Y. 10015

U.S.A.

Deutsche Bank Affiliates

5-11 Jungfernstrasse

Hannover

Franfurt am Main

Banque de Paris et des Pays-Bas

pour le Grand-Duché de Luxembourg

Luxembourg

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities.

The offering is made only by the Prospectus.

## Rand Selection Corporation Limited

(Incorporated in the Republic of South Africa)



## The Management Page

The senior executives of Harp Lager are finding that the startling success of their company in recent years is leaving them little to aim for. Ken Gooding reports.

### A consortium under strain

ALL THE evidence points to is estimated that 99 per cent. there having been considerable of licensed retail outlets in the U.K. stock—Guinness—Harp stresses within the Harp Lager Board in recent months. And quickly developed into the Lager situation spotlights some of brand leader with a 25 per cent. the peculiar problems which share of total lager sales arise for managers of a concern. It built its own lager which is in turn owned by a breweries at Alton, Dundalk, Edinburgh and Manchester and a small consortium of companies.

Three major brewing groups have equal shareholdings emerged as Britain's eighth Harp. They are Guinness, largest producer of beer, Courage—the brewing arm of the Imperial Group—and Scottish and Newcastle Breweries. Two other brewers—Greene King and Wolverhampton and Dudley Breweries—each have minority stakes of just under 2 per cent.

Harp's problems apparently stem from its own enormous success and the fact that its profits are included in the growth rate which has started everyone in the beer business.

From a mere 2 per cent. share of beer sales in the early '60s, lager has grown to account for about 25 per cent.

Harp was set up in 1960 when Guinness thought it would be a good idea to take an interest in another type of beer apart from its famous stout. Lager, which superficially is right at the other end of the beer spectrum, seemed an ideal choice. But Guinness has no pub of its own and to introduce a new beer brand it is necessary to have a solid base provided by "tied" outlets. So brewers which did have their own pubs were invited to join in a consortium arrangement.

#### Two brands of its own

They included S and N to cover Scotland and the North to return and it must not be forgotten that they collect all the Bass Mitchells and Butler for packaging and retail profit on the Midlands, and Courage in the South East. BMB soon dropped out because it merged with Charrington United. The trouble Breweries in 1967 to form Bass with Charrington. As a result it expect lager to account for at least 33 per cent. of the total beer market by 1980 and 40 per cent. by 1985.

This explosion in demand would indicate two things: there will be a need for more lager brands because it is accepted in the industry that no one brand of beer can be expected to achieve much more than 2m. bulk barrels (that is

Harp any longer.

Even so, with the 7,200 pubs owned by S and N and Courage to rely on and Guinness's immense strength in the "free" (non-brewer-owned) trade—it

roughly 576m. pints) of total sales a year. Currently there are more than 1,000 brands of "ale" available in the U.K. compared with perhaps 30 to 40 lager brands and this must become better balanced as the demand for lager grows.

It will also be the need to convert more of the industry's existing production capacity to lager.

The problem the consortium members faced was whether they should leave all of their lager business to Harp. This would involve the introduction of more brands by Harp—it added Kronenbourg to its operations last year and has already built sales to around the 500,000 barrel level—and possibly see it building more breweries.

#### Extra brewing capacity

The partners have decided this shall not be. They have said they will be introducing lager brands on their own account, or at least S&N and Courage have said so, and also that when Harp needs any extra brewing capacity they will take care of it at their breweries.

There probably would have been no public declaration of intent by the partners if it had not been for considerable City speculation in recent months about the Harp consortium's future.

This all started after S&N's chairman, Mr. Peter Balfour, hinted at his annual meeting last August that S&N was to build a new brewery in the North East—and who would build a brewery in the 1970s without incorporating lager capacity?

S&N also helped to stoke up the speculation by introducing its own brand of lager, McEwan's Cavalier, for Scotland only. The City jumped to the conclusion that the Harp consortium was about to break up.

After all, it was pointed out, if S&N is to show good growth in beer sales it must penetrate more deeply south of the Scottish border. But without a lager of its own this would be extremely difficult.

There is nothing to prevent S&N selling Harp in England, of course. And it does

Harp is faced with a completely changed situation. There is now a marked limitation put on the consortium's growth because, rather ironically, it will in future be used in the way a consortium vehicle should be used. When the market is ripe for a minority-interest product which an individual partner would not find worth producing, Harp can produce it for all the partners. But there will be no more major brands launched.

The rumours had a damaging effect on the morale of the people responsible for running the Harp company. One bright manager quit saying there was no future for him at Harp because there was no future for the Harp company.

Chairman Mr. Edward Guiness at this stage insisted that the partners must clear the air and make their positions quite clear. A number of fair-fought Board meetings followed at which agreement was finally reached. The decision was that Harp goes on but that the partners are now ready to compete with it. Courage is already heavily involved in negotiations with another brewing group (obviously Continental, probably German) about introducing a new lager brand to the U.K. under licence on its own account.

After the current expansion of the Harp breweries is completed—which will give the company the capacity to produce 3.25m. bulk barrels a year (at 288 pints to the barrel)—there will be no further increase in Harp's own brewing capacity.

But the partners have proved they intend to continue to support Harp in the most practical way possible: by approving the current year's promotional budget which is believed to be more than £4m. for Britain alone.

It is easy to understand why the partners did not want to split up Harp. There is a lot involved in the way of tangible assets as a recent sale of shares to Wolverhampton and Dudley showed—it priced Harp at £50m.

And goodness knows how much goodwill should be added in respect of the Harp name. It remains the best-selling individual lager brand in the U.K. and it is a very expensive business building up market share in this particular segment.

The management team at

the Harp team will have plenty of other problems to cope with. It will be difficult enough for lager sales to continue to grow at the previous rate now that they have reached such a big percentage of the market. It can also be taken for granted that the "image" of lager will come in for a battering at the hands of the Price Commission when it reports on beer prices this summer. So, the Harp management will be faced with the task of getting its hands full without the partner-owners admitting "we are both for you and against you."

The Harp executives are now asked to adapt themselves to a situation where their company has changed from being in a dynamically growing business where the sky was the limit to one where the ultimate destination is quite clearly defined.

They also must accept major competitors having unfettered access to their plans while having no obligation to give details of their own intentions. And there are still a fair number of unanswered questions about the possible future behaviour of the partners.

### Republic National Bank of New York had a loan to deposit ratio of 53.3% at December 31, 1976.

Highlights at 12/31/76  
Capital: \$175,611,601  
Deposits: \$1,578,623,900  
Net loans: \$840,796,690  
Total assets: \$1,945,104,580

### Republic New York

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### A case for regeneration on a smaller scale

BY GRAHAM ROSS RUSSELL

IN THE PAST, Government outside capital than does a structuring program intervention to aid the regeneration of a company.

"Small is beautiful" is a slogan, a

interference in the form of analysis towards growth in firms are a main

restructuring companies into earnings per share must also companies which

bigger groups. Yet there is little evidence that restructuring encourages bigness; in recent years monitoring

into larger groups has in years companies which aim at operating

proved performance, and the to be stock market favours exceptions

general experience of the last twenty years does not inspire confidence that some

20 years does not inspire confidence that by acquisitions

industry let us go to case for neutralising these out-

which encourage si-

By way of ext-

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yet basic human motiva-

wanted. Almost in order to com-

without exception, we all work

smaller, harder and are small companies.

for the inde-

dependent entrepreneur who does

succeed, the effect of Capital

Transfer Tax is that he can no

longer hope to pass on control

to the next generation, and may

therefore prefer to sell out to a

really large company are indeed important.

Our financial system also as nationalised industries, are not parision. The

courages bigness. An in-

creasing proportion of invest-

ment capital is in the group, most of us benefit from the

hands of institutional investors and even enjoy a competitive trial power in ever

who for administrative reasons situation and competition be as likely to buy

one where the ultimate destination

is quite clearly defined.

They also must accept major

competitors having unfettered

access to their plans while having no obligation to give details

of their own intentions. And there are still a fair number

of unanswered questions about the possible future behaviour

of the partners.

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Tel: Dublin 752822

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**for regeneration**

**White Paper**

**on Cash Limits**

**Housing finance brought into scheme**

**tate widens controls over spending programme**

**YEAR** the Government dilute by local authorities, etc., ed a White Paper on given in Table 2. Cash limits its applying to an extensive range of public sector of the Regional Water Authorities. These have made ties and the Welsh National contribution to improve Water Development Authority financial control, and the are also included in Table 2. Certain expenses of the Bank of limit on similar lines to England connected with financial management are included in Table 1. The limits have derived from the planned expenditure shown White Paper. "The Gov't's Expenditure Plans" 67/21.

**ants** 1977-78 cash limits for government expenditure capital expenditure by authorities and certain bodies are set out in 1 and 2, respectively. The limits are placed on financial assistance provided to local authorities by the central government. The rate support grant elementary grants; these are included in Nationalised Industries' external financing results, which are published in the Financial and Budget Report, to be treated as a form limit.

**d** using investment, slum and expenditure under Ministry Land Act are for the first time in limits for capital expen-

**Books** Provisional figures for the outturn of central government expenditure subject to cash limits in 1977-78 will be published as soon as possible after Departments have closed their books for that year. It is likely that information on local authority capital expenditure cash blocks will not be available as early as for central government, but figures for these blocks will be published as soon as they are available.

**Cash Limits 1977-78. Crown Office, 67/21. Stationery Office, 35p.**

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**Local Authority Capital Expenditure Blocks**

**Table 2**

Department	Description of Block	Cash Limit £m.	
ENGLAND	Department of Education and Science	Value of building projects started in 1977-78 under the aegis of the Department of Education and Science, local authorities and the universities for schools (England), teacher training, further and higher education (England and Wales) and for universities (Great Britain)	147.9
Department of Employment	Capital expenditure on employment services	3.5	
Department of the Environment	Borrowing allocations made for capital expenditure within the locally determined sector (England and Wales)	232.4	
Cash expenditure by local authorities and new towns on new housebuilding and improvements, acquisition of existing dwellings, lending to private persons for house purchase and improvement (gross), improvement grants to the private sector, slum clearance and other housing investment	2,151.3		
Value of housing associations' projects approved by local authorities and the Housing Corporation	433.0		
Capital expenditure on acquisition of derelict land and coast protection work	26.6		
Gross expenditure on the community land scheme (England)	35.9		
Borrowing by Regional Water Authorities (England)	444.9		
Value of capital projects for personal social services approved by the Department of Health and Social Security	20.4		
Capital expenditure on police, courts, probation and community services	40.3		
Key sector loan sanctions for capital expenditure on roads and other transport in England and Wales	91.9		
SCOTLAND	Scottish Office	Capital expenditure on roads and other transport	89.0
Scottish Development Department	Capital expenditure by local authorities, new towns, and the Scottish Special Housing Association on new housebuilding and improvements, lending to private persons for house purchase and improvement (gross), improvement grants to the private sector, slum clearance and other housing investment	312.3	
Scottish Education Department	Value of housing associations' projects approved by local authorities and the Housing Corporation	55.6	
Gross expenditure on the community land scheme (Scotland)	3.1		
Capital expenditure by local authorities on school building, further education and teacher training	60.8		
Capital expenditure on social work	7.5		
WALES	Welsh Office	Capital expenditure by local authorities and new towns on new housebuilding and improvements, acquisition of existing dwellings, lending to private persons for house purchase and improvement (gross), improvement grants to the private sector, slum clearance and other housing investment	111.6
Value of housing associations' projects approved by the Housing Corporation	5.1		
Value of school building projects started under the aegis of the Welsh Office and local authorities in Wales	1.6		
Value of capital projects for personal social services approved by the Welsh Office	3.9		
Gross expenditure on the community land scheme by the Land Authority for Wales	3.7		
Borrowing by the Welsh National Water Development Authority	16.7		

**Central Government blocks**

**Table 1**

Department	Description of Expenditure	Cash Limit £m.	Department	Description of Expenditure	Cash Limit £m.	
Ministry of Agriculture, Fisheries and Food	Pay and general administrative expenses	91.3	Ministry of Overseas Development	Pay and general administrative expenses	13.4	
Intervention Board for Agricultural Produce	Agricultural and food services and fisheries support	63.1	Parliamentary Commissioner and Health Service Commissioner	Aid programme	62.1	
Bank of England Cabinet Office	Financial management	6.5	Office of Population Censuses and Surveys	Pay and general administrative expenses	0.7	
Central Office of Information	Pay and general administrative expenses	4.5	Department of Prices and Consumer Protection	Pay and general administrative expenses	11.1	
Charity Commission	Home Office	7.5	Privity Council Office	Food subsidies	3.4	
Civil Service Department	Pay and general administrative expenses	1.8	Public Record Office	Consumer protection	13.4	
Crown Estate Office	Central management of the Civil Service	22.1	Public Trustee Office	Pay and general administrative expenses	0.3	
HM Customs and Excise	Computers and telecommunications	53.2	Public Works Loan Commission	Pay and general administrative expenses	1.8	
Ministry of Defence	Civil Service catering	1.2	Her Majesty's Stationery Office	Pay and general administrative expenses	2.1	
Department of Education and Science	Pay and general administrative expenses and capital expenditure	156.5	Department of Trade	Stationery and printing	70.0	
	Defence Budget, less forces staff costs	6,450.0	Department of Transport	Pay and general administrative expenses	46.2	
	Current and some capital expenditure on schools, further education, teacher training, youth services and educational research	19.3	Department of Transport	Tourism, export promotion, regulation of domestic trade and industry, shipping services, civil aviation	45.4	
	Current and some capital expenditure on universities	75.1	Department of Transport	Pay and general administrative expenses	63.8	
	Libraries, museums, galleries and the arts	687.1	Motorways and trunk roads, new bus grants, etc.	93.1		
	Science Budget—Research Councils	99.4	Certain railways grants and transport research	46.7		
	Pay and general administrative expenses	252.3	Transport supplementary grant expenses	26.7		
	Mannpower Services Commission	152.8	Scots Service	Pay and general administrative expenses	39.7	
	Other employment services	42.4	SCOTLAND	Pay and general administrative expenses	4.5	
	Pay and general administrative expenses	9.3	Scottish Office	Pay and general administrative expenses	60.9	
	Nuclear energy	145.6	Department of Agriculture and Fisheries for Scotland	Rate support grant for local authorities in Scotland	951.8	
	Research and development and industrial sponsorship	45.9	Scottish Courts Administration	Agricultural services and fisheries support	31.8	
	Pay and general administrative expenses	87.1	Scottish Development Department	Pay and general administrative expenses	4.1	
	Various central and miscellaneous services	144.4	Scottish Economic Planning Department	Motorways, trunk roads, and other transport expenditure	81.8	
	Proprietary Services Agency: pay and general administrative expenses	148.0	Scottish Education Department	Other environmental services	2.0	
	Office and general accommodation services and rents (U.K.)	359.4	Schools, teacher training, educational youth services, sport, social work, libraries, galleries, museums and other arts	64.8		
	Overseas representation: accommodation services	30.0	Health	Health, law, order and protective services	56.9	
	Rate support grant and National Parks supplementary grants for local authorities in England and Wales	6,623.7	Department of Health	Law, order and protective services	639.3	
	Pay and general administrative expenses	4.6	Department of the Registers of Scotland	Pay and general administrative expenses	12.0	
	Pay and general administrative expenses	10.5	Registrar General's Office, Scotland	Pay and general administrative expenses	1.8	
	Pay and general administrative expenses	2.3	Scottish Record Office	Pay and general administrative expenses	0.5	
	Overseas representation, overseas information and external relations	146.5	Queen's and Lord Treasurer's Remembrancer	Pay and general administrative expenses	3.7	
	British Council	22.9	WALES	Welsh Office	Pay and general administrative expenses	11.6
	Overseas information: broadcasting	22.4		Motorways, trunk roads, and other roads expenditure	71.2	
	Pay and general administrative expenses	34.1		Other environmental services	3.5	
	Forestry	27.9		Libraries, museums, galleries and other arts	3.7	
	Pay and general administrative expenses	25.3	Wales	Health and personal social services	268.7	
	Pay and general administrative expenses	0.6	NORTHERN IRELAND	Regional and industrial development	28.7	
	Pay and general administrative expenses	0.4	Northern Ireland Office	Pay and general administrative expenses	39.5	
	Health and personal social services	530.0		Law, order and protective services	101.4	
	Pay and general administrative expenses	4,419.9		Pay and general administrative expenses	Services analogous to GB limits	951.3
	Law, order and protective services	224.6		Central responsibility for expenditure control is exercised by the Treasury and the Civil Service Department, depending on the nature of the expenditure concerned.		
	Pay and general administrative expenses	138.1		These cash limits do not include Government grants for British Rail passenger and freight services, which are limited to a ceiling of £375 million for passenger services and £25 million for freight services in the calendar year 1977.		
	Regional and industrial policy development	58.3		The cash limit announced on December 6, 1976, of £69 million for Scotland applies to increase orders for 1977-78. The figure given here represents the limit on the sum of rate support grant and increase orders to that grant.		
	Pay and general administrative expenses	122.7				
	Pay and general administrative expenses	361.7				
	Pay and general administrative expenses	25.0				
	Pay and general administrative expenses	17.0				
	Administration of legal aid for debtors and judges' salaries	18.0				
	Pay and general administrative expenses	0.3				
	Pay and general administrative expenses	41.2				
	Pay and general administrative expenses	23.4				

**Ulster coalition may expel three MPs**

BY OUR BELFAST CORRESPONDENT

THE COALITION of Loyalist politicians in Ulster is to press on with its threat to expel three Unionist MPs who refused to vote against the Government in the no-confidence motion last week.

It was decided yesterday to invite the three MPs—Mr. Enoch Powell, Mr. Harold McCusker and Mr. John Carson—to explain their abstentions satisfactorily or face expulsion.

The Official Unionist Party, senior member of the coalition, to which all three MPs belong, will resist what it sees as a witch-hunt launched by the Rev. Ian Paisley's Democratic Unionist Party.

The Official Unionists maintain that the coalition itself can take no disciplinary action. It says this is in the hands of the individual parties and it supports the action of its own MPs.

Unionist politicians at Westminster think it unlikely that a vote to expel the MPs would be carried.

Other MPs from Ulster are also unlikely to back Mr. Paisley, who has threatened to withdraw from Parliament because of the security situation.

Mr. Paisley did not expand yesterday on the threat which he made following the murder of a 63-year-old woman in his constituency on Monday.

His party said he was still considering staying away from Parliament except when his vote could help bring down the Government.

The society points out that the February results showed to statistics just released by the production for the first two months of 1977 only 0.7 per cent. Output was 2.8m. bulk barrels above the same period a year ago. Just over 5m. barrels were produced in February 1976.

However, output in February 1977 figures make allowances for last year was particularly low the following impact of high and that year the industry just gravity brewing—a method about returned back to the 1974 where beer is transported from the brewery at a high gravity level for the month.

The brewers had expected a more (treated) water added slow start to 1977 because of at a place nearer the ultimate stocking-up which went on ahead consumer.

**Beer output trend remains depressed**

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE UNDERLYING trend in of the mini-Budget at the end of last year.

The February results showed to statistics just released by the production for the first two months of 1977 only 0.7 per cent. Output was 2.8m. bulk barrels above the same period a year ago. Just over 5m. barrels were produced in February 1976.

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The society

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WEDNESDAY, MARCH 30, 1977

## A provisional Budget

MR HEALEY'S latest Budget ever, some cut in taxation was turns out to be very much what possible and generally foreseen, most people expected. The overall cut was justified by reasons for this are straightforward enough. His freedom of action was circumscribed by three different but related constraints. The first is that the rate of inflation is still dangerously high and that its reduction must remain a principal aim of policy. He hopes now, in fact—though such hopes have been proved wrong before—to get the rate down to 13 per cent. by the end of this year and to single figures, provided he can reach a satisfactory agreement with the TUC, the second quarter of 1978. That will still be well above the rate of our main industrial competitors abroad.

### Phase Three

So far as the increases in indirect tax go, they are admittedly no more than a first third phase of voluntary pay restraint. Serious negotiations go only a small way towards restoring the balance that was about this have not yet begun because the union leaders were anxious to see the Budget proposals first, and some of them would have preferred the Chancellor simply to cut taxes. Instead, as he did last year, he has made a sizeable part of his proposed cuts conditional on a satisfactory agreement, about Phase Three. And the third, overriding constraint, of course, was the undertaking given to the International Monetary Fund about public sector borrowing.

### Tax cuts

The public sector borrowing requirement for the coming year turns out, as widely forecast, to be down far enough to permit sizeable tax cuts within the limits of the undertaking to the Fund. This is largely because the PSBR for the year just ended was well below expectation, and the reasons for this are not entirely clear. It seems possible that local authorities, in particular, are cutting back their expenditure vigorously; certainly the system of cash limits seems to be working effectively. It is to be hoped that as economic activity revives the system will be used to make further cuts in public expenditure and so make further tax cuts possible. The Government itself is now clearly aware of the fact that the vast majority of workers want to be able to spend a larger share of their income for themselves.

Even as things stand, how-

months to come...

## Butter is not the only issue

THE NEGOTIATIONS on European Community farm prices broke down—with Britain outnumbered by eight to one—on the narrow issue of the butter mountain. In essence, Mr. John Silkin, the British Minister of Agriculture, offered a devaluation of the green £ of just under two per cent. and was prepared to accept a three per cent. increase in farm prices (with the exception of dairy products) in return for a butter subsidy of 20p a pound, the subsidy apparently only to apply to the U.K. The package presented by the Brussels Commission late on Monday night consisted of a green £ devaluation of four per cent., farm price increases (including dairy products) of 3.5 per cent. and a U.K. butter subsidy of only 8d a pound. The net result would have been that Britain would have been paying out more on other products than it would have been getting back on butter. Mr. Silkin therefore rejected it.

### Reform

The other weakness is the failure to make more use of the green £ as a bargaining counter. It is perfectly true that the system of monetary compensation amounts designed to take account of changes in exchange rates is not illegal. It is a windfall to Britain within the rules of the system. But it is also expensive to those who have to pay it and the best course for Britain would be to offer graduated subsidies to more thoroughly reform of the agricultural policy. Siting third countries, especially tight on what we have, and developed countries like the then asking for more, is no way. Soviet Union. The subsidy on the recent Soviet purchase was. What is more, the present position, about 40p a lb, twice the amount being sought by Mr. Silkin for sales in the U.K. Community negotiations.

## THE BUDGET

### ECONOMIC ASSESSMENT

# All the arithmetic points to a neutral policy

"Now here, you see, it takes the picture of a contractionary pipeline—a deterioration which measures with the slogan about the running you can do, to any policy is also reinforced by what will be only halfed by the National Income Forecasts achievement of the alternative, keep in the same place. If you want to get somewhere else, you with which the Treasury more optimistic forecast given must run at least twice as fast economists prefer to work. The central forecast here is for an annual growth rate of 1% per measures mentioned by Mr. Looking Glass."

Behind the window dressing, the Budget is a simple one. Although the Chancellor spoke about a £1bn stimulus and of increasing employment by 100,000, the Budget is a neutral one which gives no fiscal stimulus whatever. This view is not a peculiar monetarist aberration on my part, but the soundest Keynesian arithmetic.

Mr. Healey estimated the public sector borrowing requirement for 1976-77 at £8.8bn. His central estimate for 1977/8 is £8.5bn, just within the IMF ceiling. The picture is little changed if one prefers to look at the financial deficit instead of the borrowing requirement. Indeed, if the deficit is expressed as a proportion of the national product, it actually goes down by 1 per cent.

The impression of a neutral to slightly contractionary policy also comes out of the monetary arithmetic. Money supply

is estimated at less than 9 per cent. between the end of 1976 and the beginning of 1978. This and for the coming financial year at 9 per cent. to 13 compares with official estimates of about 3% per cent. growth per cent. Both figures imply a substantial fall in the real required to offset production—owing to tivity increases and the natural cost base.

Gross Domestic Product +2 +2 +1 +1

Retail Price Index +1 -1 -1 +1

Public expenditure on goods and services +0 -23 +3 +5

Private fixed investment +9 +9 +12 +15

Exports of goods and services -4 +3 +12 +15

Total final expenditure +7 +61 +31 +31

Imports of goods and services -1 -1 -1 -1

Statistical adjustment to factor cost base +2 +2 +1 +1

Gross Domestic Product +4 -12 +13 +13

\* +2% per cent. with "stronger trade performance," first half 1977, second half 1978.

Source: Financial Statements 1976-77 and 1977-78

Healey work—if they work—reducing productivity. This, as a matter of arithmetic, is the only way that a limited GDP can be made to mean more jobs. There is a case for this in some circumstances: but I would not add because the Prime Minister is giving other western Industry official who has to agree with Mr. Callaghan's speech at the last Labour Party Conference about the futility of trying to spend ourselves into higher employment levels more so than does the Prime Minister himself. (The last remark is not added because the Prime Minister is giving other western Industry official who has to agree with Mr. Callaghan's speech at the last Labour Party Conference about the futility of trying to spend ourselves into higher employment levels more so than does the Prime Minister himself. 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# • Striking successes • Jobs problem remains

DESCRIBING INCOME tax reductions as "the heart of his Budget," Mr. Healey yesterday offered cuts amounting to £2.25bn. in a full year.

The Chancellor made clear that in return he expected agreement on pay "consistent with our inflation objectives." But he believed that his proposals would strike a reasonable balance between the needs of the groups which most required relief immediately.

Mr. Healey said that in his reduction in unemployment, and statement to the House last December, he had announced economic measures which were part of a medium-term programme for national recovery.

"I said that those measures, reinforced by the next Budget and further progress on the industrial strategy, would enable us to make the difficult transition to a more firmly based prosperity."

"The measures I then announced have succeeded in their main purpose. They have restored our financial stability. This is shown by the rise in the exchange rate, which has been stable at 16 cents above the low point it reached last October, by the increase in the reserves, by the Basic Agreement on sterling balances, and by the market loan of \$1.5bn. which I signed in February."

"Domestically, the success of the measures is shown by the sales of gilts which have kept the monetary aggregates under light control and by the fall in interest rates. Short rates are down by 5 per cent since their peak in October."

"These striking financial successes are a necessary condition for our recovery, and must be maintained. But they are not by themselves sufficient to achieve the fastest possible return to a high and sustainable level of output and employment, which remains this Government's overall economic objective."

"This Budget does much to succeed and moves us further towards recovery. The principal measures I shall be announcing will contribute to two key aims — getting our inflation down to the level of our main competitors and improving the performance of our manufacturing industry."

## A trading nation

"The scope for such measures is governed by the need to maintain the financial stability we have now achieved and to get rid of the deficit on our current balance of payments. It is still too soon to take risks in either of these fields, so if anything, I must err on the side of caution this year, particularly while the precise path of our balance of payments is still uncertain."

"The United Kingdom is a trading nation. This means we cannot sustain our economic recovery without a major improvement in our trade performance so that we can and hold a larger share of both home and export markets. But the speed of our recovery will also depend heavily on conditions in the world economy and the growth of world trade."

"So I begin my review of the economic background to the Budget with a look at the world economy."

"The industrialised countries as a whole achieved a relatively rapid recovery in output and trade at the beginning of 1976, but this fell through the rest of the year. Over the year as a whole, their GNP rose by nearly 6 per cent, after falling 1.1 per cent in 1975, and world trade in manufactures increased by nearly 10 per cent following a drop of nearly 4 per cent in 1975."

"Nevertheless, there is growing concern that the pause has been unusually prolonged for this stage in the cycle."

"More recently growth in some major countries has shown signs of accelerating again. There now seems to be a reasonable prospect that this year GNP in the major countries will grow at around 5 per cent. World trade in manufactures may rise by about 3 per cent."

## Oil and growth

"Present policies in the U.S. and Japan should help to ensure that their recovery is sustained. But in Europe, the prospects are more doubtful. Inflation and difficulties with the balance of payments have led several countries besides ourselves to take restrictive measures. Even countries with a strong balance of payments and low inflation rates are being very cautious in their fiscal policies."

"The OPEC countries are expected to increase their imports by 15 per cent in 1977, but as a group they will continue to run a massive surplus. In the non-OPEC developing countries, however, policy and a more stable exchange rate feed through into prices in the shops. So we intend to prevent any unreasonable

"Many of them improved their position last year, as the price of primary commodities rose relative to manufactures, and this and by taking a new power to freeze a particular price for up to a year when an independent investigation shows this to be justified."

"At the same time we have to be careful that price controls of the world scene is that over do not damage the rate of return on investment. This has been driven down by inflation and recession to exceptionally low levels. We must make sure that the return on capital is allowed to recover sufficiently to reinforce the upturn in investment and to ensure that the new jobs we need are created."

"At the end of 1976 there were estimated to be 15 million unemployed in countries of the OECD, an average unemployment level of over 5 per cent."

"For the year ahead, Europe at least can expect little if any

## Domestic economy

"During the past 12 months production has made a modest recovery from the recession of 1975. But the economy is still working well below its productive capacity. Industrial investment is rising but is still too low, and there is still a substantial current account deficit on the balance of payments to be eliminated."

"If we were to make no change whatever in present policies, I would see the prospects as follows:

"Production would grow only slightly in the next 12 months. The main increase in demand are likely to be in net exports and manufacturing investment — the sectors which we want to lead the recovery of the economy."

"From other sectors, however, little or no stimulus is to be expected. Public expenditure on goods and services will be rather lower than last year. And, on present policies, I would expect no increase in private consumption. Indeed, there might be some decline."

"Taken together, these trends could be expected to mean that demand and production would continue to grow slowly. But with so modest a recovery in output I would not expect any fall in the level of unemployment. Indeed, I fear some further rise would be more likely."

"The rate of increase in unemployment has, however, been marked. In 1975 the increase was 40,000 a month; and in 1976 it was 13,000 a month; and this year there has been a welcome fall in the level of unemployment. But two months is too short a period on which to form a judgment."

"The plain fact is that the present level is unacceptably high; and action is clearly needed to improve the future prospect."

## Concern on prices

"The rate of price increases is also a cause for acute concern. I have said many times that we need to get our inflation rate down to the level of our main competitors. Last year's experience with the exchange rate shows what is bound to happen until we achieve that. Our inflation rate was falling rapidly in the first half of 1976, thanks to the £6 pay policy, but our rate was still much higher than those of our main competitors."

"The disparity caught up with us and caused a fall in the exchange rate. There were other factors like the drought and the world increase in commodity prices, but the fall in the exchange rate was the main factor which checked the decline in our rate of inflation last summer and prevented us from reaching single figures by the end of 1976."

"The response of the trade union movement, first to the £6 pay limit and then to its successor, gives us a very good chance of resuming the fall in inflation in the second half of this year when the effects of last year's depreciation have finished feeding through into prices. Indeed, there is a real prospect of getting inflation into single figures by the second quarter of next year, provided we can avoid substantial depreciation."

"This will be possible only if we maintain confidence at home and abroad in our determination to reduce our inflation rate; and that in turn means that we must get a satisfactory agreement on pay to operate when the present pay agreement expires at the end of July."

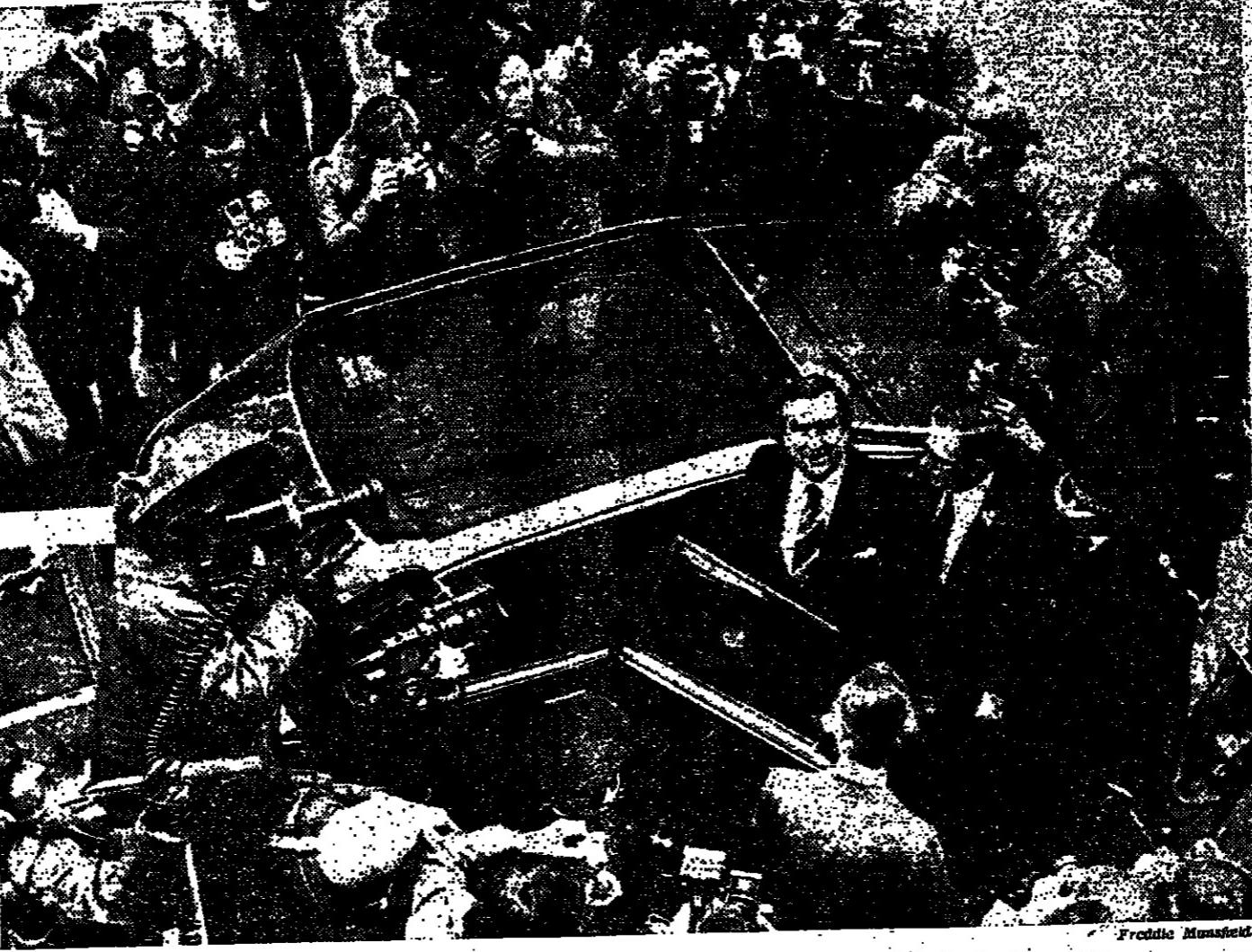
## Return on investment

"There is no chance of getting a new agreement unless we make sure that the benefits of pay policy and a more stable exchange rate feed through into prices in the shops. So we intend to prevent any unreasonable

"The forecast for 1977-78 takes account of the intention which I announced in December, to which will leave the total of the Government's and the Bank's holdings at 51 per cent — more than we held before the Bank acquired the ex-Burmah shares."

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"The balance of payments prospect is now a good deal better. During the next 12 months we can confidently expect a large increase in the



at the meeting of the Interim Friends these controls committee of the IMF in Washington next month. Many countries also need to continue to regard achieve higher investment. As of adequate finance the Prime Minister made clear in as a key-part of Rome last weekend, we are exploring with our European partners the scope for co-operative efforts to stimulate investment, and to maintain create jobs, particularly in the field of youth. The Government has set out the next to opportunity to review with our Community partners our pre-budget White Paper issued press in fighting unemployment in a further tripartite conference plans, making full of Governments, trade unions and employers before the end of June.

This is the background against which I face my main task in this Budget — to consolidate the gains we have made so far and to create the conditions in which we can get our rate of inflation down and make the necessary improvements in our industrial and trading performance.

I have emphasised many times over the past few months that all these objectives will require some reduction in the present burden of income-tax. The representations I have received have been unanimous in advocating this. Both the TUC and the CBI have argued that substantial reductions in income-tax are needed both to make it easier to agree on a satisfactory pay policy and to assist our industrial strategy. The sector working parties have reinforced these arguments by pressing for improvements in the structure of income-tax to increase incentives at all levels of industry.

But although a welcome fall in the last two months many people are work and it is too late to change. The Secretary of State for Employment and Training has decided to extend training creation at a greater cost. The period of Employment Schemes next month, extended through 1977/78.

The period of the scheme will also extend from 1976/77 to 1977/78, with an initial period of six months after the start of the scheme and continuing thereafter.

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"The economic prospect is to decide how far I can move in this direction this year with the prospect of a return to sustainable full employment and rising living standards.

"British industry must nation's productive capacity or respond better to economic opportunities in future than it has in the past.

"That is why in the industrial strategy we have embarked on a joint effort to improve our industrial performance, involving management, the unions, and the Government, and are concentrating in particular on key sectors of manufacturing industry. This will be a significant achievement for us.

"The recent increase in prices, despite the strict observance of the pay policy, reflects the operation of a vicious circle we have seen more than once in recent years.

"Even in a period when pay increases are limited, there can be a sharp fall in the exchange rate as a result of excessive pay increases in an earlier period. This will rob us of the full price benefit which we hoped to gain from pay policy.

"And if the resulting disappointment makes it difficult to continue pay policy, it threatens to accumulate international debt while still maintaining adequate reserves. That is the pre-condition for restoring our economic

"Each of the three improvements we need in our economic behaviour depends on the other two. For example, if our industrial performance fails to improve, our balance of payments

"What I have heard about the intentions of the trade union movement and the CBI leads me to believe that a satisfactory agreement can be reached, although I would not seek to minimise the difficulties.

"I am recommending to the House in the Budget Resolutions which are being tabled today, net fiscal action which will cost some £500m. net revenue in a full year.

"The £500m. package will take effect immediately. When I expect a satisfactory agreement is reached in the coming months on the third round of pay policy, I will bring before the House further proposals which will cost some £1bn.

"Fourth, the experimental scheme from July 1 will be introduced in manufacturing, to make at least a start in expanding domestic demand by reducing the burden of income tax.

"In addition, four new and new schemes will be selected to encourage disabled people for a trial period.

"The scheme is intended by the Man Commission, which will be a select committee of the House of Commons in 1977/78.

"Second, there is programming to teachers in science. These are particularly industrial areas which have been a shortage.

"It is still with overall surplus other subjects.

"Third, there is a experimental scheme from July 1 to manufacturing, to make at least a start in expanding domestic demand by reducing the burden of income tax.

"The cost of the scheme will be £1.5bn. in a full year and to bring the PSBR for 1977/78 to a new forecast level of some £3.5bn. This is within the ceiling of £3.5bn. agreed with the IMF.

"It is not sufficiently recognised that the first year PSBR effect of net reduction in tax is less than the full year revenue effect, partly because some of the revenue effect falls beyond the first year, and partly because the resulting rise in activity cuts unemployment and raises tax receipts.

"Thus the measures I am proposing will affect the PSBR next year by only two-thirds of their full year revenue effect.

"A fiscal stimulus of this size will be fully consistent with maintaining the improvement in financial markets. In order to keep firm control of any inflationary pressures, I intend that domestic credit expansion in the coming years should be safely limited to a rate of 7.7m. I set this in December.

"If the stronger economies increase domestic demand and reduce their external surpluses, they would help greatly to sustain activity in the world as a whole. The Prime Minister and I will be pressing for this over the next two or three months — in the European Community, in the IMF and at the Downing Street summit.

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"The accompanying rate of growth of sterling M3 will depend on a number of factors, particularly the scale of the improvement in the balance of payments, since a surplus has the effect of expanding money supply.

"For this additional expenditure made available a Contingency Reconstruction work on years in certain parts of the country.

"The Government will localise the allocation of this expenditure that the work include the improvement of industrial sites, building of job schools, improving community buildings, health facilities, etc.

"Continued next page

## Medium term

"I turn now to our prospects in the medium term. The immediate situation provides a solid foundation on which we can build to return to full employment and a steadily improving standard of life.

"Whether we achieve these objectives, and how fast, will depend partly on improvements in our own economic behaviour. We must bring down our rate of inflation to that of our principal trading rivals and keep it at that level.

"Despite the deterioration in our inflation rate since last summer, we have a chance of getting near that aim by the end of the next pay round.

"The recent increase in prices, despite the strict observance of the pay policy, reflects the operation of a vicious circle we have seen more than once in recent years.

"Each of the three improvements we need in our economic behaviour depends on the other two. For example, if our industrial

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"Thus the measures I am proposing will affect the PSBR next year by only two-thirds of their full year revenue effect.

"A fiscal stimulus of this size will be fully consistent with maintaining the improvement in financial markets. In order to keep firm control of any inflationary pressures, I intend that domestic credit expansion in the coming years should be safely limited to a rate of 7.7m. I set this in December.

"If the stronger economies increase domestic demand and reduce their external surpluses, they would help greatly to sustain activity in the world as a whole. The Prime Minister and I will be pressing for this over the next two or three months — in the European Community, in the IMF and at the Downing Street summit.

"The accompanying rate of growth of sterling M3 will depend on a number of factors, particularly the scale of the improvement in the balance of payments, since a surplus has the effect of expanding money supply.

"For this additional expenditure made available a Contingency Reconstruction work on years in certain parts of the country.

"The Government will localise the allocation of this expenditure that the work include the improvement of industrial sites, building of job schools, improving community buildings, health facilities, etc.

"Continued next page

## Cutting inflation

"The necessary improvement in our trading performance depends in turn on a second improvement in our economic behaviour. We must bring down our rate of inflation to that of our principal trading rivals and keep it at that level.

"British industry must nation's productive capacity or respond better to economic opportunities in future than it has in the past.

"The economic prospect is to decide how far I can move in this direction this year with the prospect of a return to sustainable full employment and rising living standards.

"The balance of payments should have moved into surplus by the end of the year. The forecasts for the PSBR and DCE give me significant encouragement.

"So there is hope for a carefully controlled fiscal stimulus to make at least a start in expanding domestic demand by reducing the burden of income tax.

"The 'economic' part of the budget will thus be to reduce the revenue by about £

# • War on tax dodgers • Foreign earning relief

continued from  
previous Page

Secretary of State for Environment and the Secretary of State for Scotland will be giving a further statement in their cities shortly.

list of employment and tax measures I have just had a gross cost of £10m over the next two years includes £185m from what I set aside in my previous statement last December.

measures should create or between 100,000 and 150,000 jobs or training places in the first quarter of this year.

on the allowance made for replacement of jobs elsewhere in the economy.

is a real contribution to our unemployment problem.

"Road fuel is not subject to duty, the only oil which is subject to duty, the duty on most other oil products, for example heavy fuel oil, reached its present level of 1p a gallon as far back as 1969. Its real value has fallen very substantially since then, and I propose to restore it by raising the duty to 2½ a gallon.

"The oils affected will be all those which at present bear the 1p duty. I have made one exception only — paraffin commonly used for domestic heating, particularly by the less well-off and by pensioners. This paraffin will continue to carry only 1p duty as at present.

"The increase in duty on heavy oils will produce an estimated £150m in a full year. Both the oil duty changes I have proposed will be brought into effect on oils cleared from 6 p.m. to-night.

"Vehicle excise duty on cars has remained unchanged at £10 a year since April 1975 and its value in real terms has fallen appreciably since then. An increase of £15 would be required to restore the real value to the 1975 level.

"I turn now to a matter which has attracted a good deal of interest on all sides of the House. This concerns the new National Insurance surcharge which, as I announced last July, will take effect from April 6 as a two percentage points addition to the employers' National Insurance contributions.

"I have received many representations from charities, including the churches and the Prime Minister has received a delegation from some very senior representatives of charitable bodies, for whose help and advice we are grateful.

"First, I propose an improved rollover relief for what is often called 'domestication,' that is the transfer of an overseas

interest. I have considered the effect of taxation. First, taxation. I have said it occasions that it is to re-adjust the balance sheet and indirect taxation recent years the share of income-tax has risen under Governments, mainly taxation has eroded the value of many of its duties. This, however, of the year to take a step to reverse the prospect of fall in the RPI is of importance to the negotiations for a satisfactory new pay

heless, I believe that some increase in taxation is desirable to important objectives of policy, providing it does not have a major impact on the

conservation must a major objective the industrialised world is a message which easily from the recent joint on the World Bank. The pressure of its resources of fossil fuel is bound to make that result makes the energy imbalance tick the industrialised world in 1973 could again in a much more intractable form.

now this to happen, economic and social consequences will be incalculable. We can open up new supply and act on behalf of conservation and through realistic policies. We can claim U.K.'s record in these good. We are well with indigenous energy and we are developing nearly.

conservation, we have had an effective start, must maintain the and develop our policies to stay among the best saving can bring the time when the payments moves into a major high employment. In here are reasons of policy for increasing the use of road

of road fuel was d by my December and the total effect on the motorist last spring no more than about 1. My measures last greater effect on the use of road fuel, but was the first increase of dev. for seven

petrol duty

circumstances I feel proposing an increase in road fuel of 5p fully passed on, this the price of a gallon the private motorist over 5p, including a increase does not restore the real value on petrol to its level as Budget. Petrol a cheaper in Britain by all other countries in the Community.

Tobacco products

Tobacco products were compelling health arguments for increasing the duty in real terms.

Besides consolidating the increases on tobacco and tobacco products announced last December, I therefore propose to raise the duty on a packet of 20 cigarettes by 4p, with a corresponding increase on hand-rolling tobacco. A further increase on other tobacco products would not be justified at present. In particular, pipe tobacco plays an important part in the life of many retired people. The increase which will take effect from Monday April 4, will go up an extra £150m in a full year, including VAT.

The increase of 4p per 20 cigarettes which I have just announced will be added in the

Budget 29 March 1977

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## THE BUDGET SPEECH

# Labour's survival is aim of measures—Thatcher

MRS. MARGARET THATCHER, Opposition leader, branded the Healey package as "not a revival Budget for Britain, but a survival Budget for the Labour Government."

Mr. Healey seemed to be apologising for much of the damage he had done in his nine other Budgets. Yesterday's offering was a "take-away rather than a give-away Budget."

Mr. Healey had said that much was dependent on a satisfactory pay policy. She challenged him to say what this would consist of. Labour backbenchers shouted back: "You tell us."

Mrs. Thatcher said that last year Mr. Healey had predicted "an economic miracle." She added: "I don't know what happened to that, but it didn't come about."

Many of our EEC colleagues were back at their 1973 peak production figures, and over them. "We are nothing like back there," said the Tory leader.

### "Way behind"

We were also "way, way behind" on inflation, with a rate of 15.1 per cent. compared with a OECD average of 8.4 per cent. he said.

**CONTINUED FROM PREVIOUS PAGE**

## Recovery in manufacturing forecast

single figure inflation position can contribute to the attack on inflation and the improvement of our industrial performance, or deteriorate as it did two years ago. A single figure pay-prices equation is not only the same in the short term for living standards as a double figure one but is incomparably better designed to protect living standards over a two to three year period because of its impact on the exchange rate and on the possibility of economic growth."

Mr. Healey went on: "I fully endorse that statement and I hope there is not a single member of this House who would quarrel with it."

"The TUC should have the support of the whole nation in seeking to achieve the objective they have set themselves. All of us will benefit from their success."

### Inflation lower

Mr. Healey said that his proposals constituted a significant first step in reducing the burden of direct personal taxation. "At this time I believe that is the most effective way the Budget

Nobody except us had all three economic indicators—employment, inflation, and production—wrong at the same time.

She told MPs she had been "shaken" at the way the Budget had loaded extra taxes on the motorist. This would hit people in rural areas who had to use their cars. The income tax reductions would mostly not even take us back to where we were last year.

We paid the highest rate of tax on the lowest income of any EEC country. Mrs. Thatcher said: "That's the measure of the effect of Socialism on the people of this country."

The only judgment Mr. Healey had been able to make was whether to be slightly tougher than the IMF constraints under which he was working, and he had preferred to keep roughly to that level.

Mr. Alex Lyon (Lab., York) said that the effect of the Chancellor's massive tax giveaway on the average wage earner would be about £2 on an £80 wage. "It seems monstrous when £2,000 could have provided better education, better social services, and over them. "We are nothing like back there," said the Tory leader.

**Fuel cost**

Mr. Alex Buchanan-Smith (C. North Angus and Mearns)

attacked the concentration of indirect tax increases on road fuel duty and car licences. He said: "The costs of industry would rise in remote areas as there was no alternative means of transport."

In remote areas the car was

shift away from a policy where the State provided the essential parts of the standard of living.

Mr. Lyon added: "I am absolutely convinced that even if this Budget proves popular in the short term, the substantial cuts in public expenditure that will take effect over this year and the next two years will have a quite disastrous effect on the average worker's standard of living."

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## THE BUDGET

### OVERSEAS RESIDENTS

# Tax changes for people who work abroad

A STATEMENT from the Inland Revenue after the Chancellor's Budget sat down said:

The Chancellor of the Exchequer announced in his Budget statement this afternoon that important changes in the tax treatment of employees living in the U.K. and working abroad would be included in the Finance Bill.

This note describes the Chancellor's proposals in more detail.

At present a deduction is allowed in taxing the overseas earnings of an employee resident in the U.K. only if a separate period of 365 days or more, or 25 per cent. if he is absent for a

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From 1977-78 the requirement that there should be a separate employment for overseas duties

will (with one exception) cease as company in a multi-national group will be entitled to a deduction of 25 per cent. from his earnings from that employment, regardless of the length of his absence abroad.

At present seafarers and aircrew employed on voyages or journeys between the United Kingdom and a foreign port or airport are regarded for tax purposes as carrying out their duties in the United Kingdom and so will be tax free, up to a maximum of two return journeys a year.

So far as possible, the deductions will be taken into account for PAYE. When the Finance Bill has received Royal Assent employers will be authorized to give the relief with effect from the beginning of the tax year.

At present employees engaged under a separate employment, the duties of which are performed wholly outside the United Kingdom, are not entitled to relief in respect of expenses incurred in travelling to the overseas country and back again, or

An employer who works abroad for a total of 30 days or more in a tax year, whether continuously or in aggregate, while they are engaged on such voyages or journeys.

At present employees engaged under a separate employment, the duties of which are performed wholly outside the United Kingdom, are not entitled to relief in respect of expenses incurred in travelling to the overseas country and back again, or

An employer with a separate employment with a foreign company, the duties of which are performed wholly abroad (for example, a director of an over-

seas branch) will be regarded for the purpose of entitlement to the deductions, as working abroad

wholly performed abroad.

The deduction allowed is 100 per cent. if the employee is absent for a continuous period of 365 days or more, or 25 per cent. if he is absent for a

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## THE BUDGET

## THE MOTOR INDUSTRY AND FUEL TAXES

## Day of the £1 gallon draws nearer

AY of the £1 a gallon rate for domestic heating kero- are a large number of compet- ing petrol stations, companies prices rose by 5p per Motorists will face another are offering discounts of 10p a revision of road fuel a month's time, for all com- bout of price increases in about a bid to Budget measure which price rise which could take a month's time, for all companies are seeking a further time when overall sales remain fairly static.

Budget measure which price rise which could take a month's time, for all companies are seeking a further time when overall sales remain fairly static.

As a result of yesterday's announcement, a family motorist, will dampen petrol sales even further.

But still companies are insisting that further price rises are needed in order to sustain viable business conditions. It was felt, by some, perhaps somewhat hopefully, that the 5p duty rise would not have a dramatic effect on sales. But one of the major companies thought that it would find it difficult to implement more than a 1p a gallon adjustment in the past six years.

In built-up areas where there

price rise.

As of today the rate of duty

will almost match the actual

cost of producing petrol.

According to the oil industry

the cost of buying crude,

transporting it, refining and market-

ing it works out at about 88p

a gallon. Dealer margins on

petrol selling at about 88p a

gallon works out at nearly 8p

a gallon whereas value added

tax puts on the price an extra

9.85p. Companies point out;

however, that the level of tax

is not affected by bus operators,

and the increased vehicle licence

will dampen petrol sales even

further.

As a result of yesterday's an-

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adjustment in the past six years.

In built-up areas where there

and selling price of petrol in other EEC countries is still higher than that in the U.K. One sector of the fuel market was pleased by the fuel duty changes. Those selling liquefied petroleum gas to commercial transport and local authority transport operators said that their product had been made even more competitive. A gallon of LPG now sells for about 60p a gallon, even after a 2p a gallon rise in duty enforced yesterday. Ray Dafter

## Heavy lorries

IT WAS clear from the Chancellor's speech that operators of lorries over six tons unladen will face another round of increases in taxation to ensure that they pay more towards the cost of the roads their vehicles use.

Operators have argued vigorously that goods vehicles generally already cover their costs by a ratio of 1.2:1 and were saying last night that the increased taxes would take this to 1.6:1.

The Ministry of Transport, however, said that even with Mr. Healey's measures, the ratio would only be 0.8:1, with the very heavy lorries falling well short of paying their way.

It is also clear that the Government still has its sights set on an even more sophisticated EEC-type system of lorry taxation based on axle-weight and possibly incorporating an element of taxation for pollution to environment. More will be said about this in the Transport White Paper in May.

One political advantage of increasing taxes on heavier lorries will be to soften up the environmental camp for Britain's ex-

ten-ton lorries (the highest unladen weight) will now pay 62.5p a year in vehicle excise duty. Ian Hargreaves

## TOBACCO

## eed to review marketing strategies

AS ensuring that size sector is bound to dominate the market will be a short-term in future and will, therefore, be a key factor in protecting their market by increasing the shares. This will inevitably lead to a reduction of sizes for the different sizes smoker to choose from, and es and ensuring the Imperial Tobacco, whose 66 per cent of the king-size market share has been largely based on medium and large cigarettes, will be most vulnerable.

The strategy before But the industry will be thankful that it has been given much time to plan before the immediate future it is the switch to a mixture of so easy, as it was specific and value added taxes on January 1, 1978. By announcing in favour of King-size flat rate increase of 2p per thousand cigarettes and 30 per cent of the retail price of 16p, made up of 15p in value added, 15p ad £1.41 specific tax will be able to adjust their markets and products be I to be added to all cigarettes, whether tipped or plain, large

The U.K. has a far wider range of cigarette sizes than its European partners or North America but for 15 months the industry has fast-growing king-size by absorbing some increase, but this is not be able to do able. At the same time the shrinking in price differentials has led to a fierce price war to cigars and chewing tobacco

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# COMPANY NEWS + COMMENT

## Last quarter boosts Amal. Metal to £7.95m.

AFTER being steady at the half-way stage at £2.8m., Amalgamated Metal Corporation made headway, after nine months, from £4.02m. to £4.7m. and ended 1976 with pre-tax profits increased by £2.25m. to £7.95m. on turnover up from £51m. to £10.5bn.

Earnings per £1 share before extraordinary items are shown as 49.8p (37.2p) and after 95.2p (58.8p). The dividend is stepped up to 14.15p (12.87p), the maximum permitted, with a final of 9.157p net.

The corporation's ultimate holding company is Palino NV of the Netherlands.

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## Advance at Warne Wright

SECOND HALF 1976 pre-tax profits of Warne Wright and Rowland emerged higher at £701,458 compared with £634,953, giving the company £1.26m. for the year against £1.11m. The directors forecast that the second half would at least equal the first, when profits advanced from £377,000 to £397,000.

Stated earnings are 8.4p against 7.49p, and the dividend is raised by the maximum permitted from 1.975p to 2.170p with final of 1.053p net per 10p share.

The company operates as fastener manufacturers, drop-forgers and engineers.

1976 1975

Turnover 1,020,000 731,000

Trading profit 6,714 4,898

Interest income 1,322 1,126

Profit before tax 7,086 5,789

Taxation 2,174 2,096

Net profit 4,912 3,693

Minorities 1,228 632

Existance rate adv. etc. 2,197 1,582

Available 6,539 4,913

Prex. divs. 649 489

Ord. divs. 5,347 3,996

multi-currency revolving credit facility of \$US12m. to be provided equally by Morgan Grenfell and Manufacturers Hanover Trust.

The company will apply the facility during 1977 in refinancing three foreign currency loans as they fall due, it is stated. This facility will be used to maintain existing foreign portfolio investment.

## Small rise from Law Land

TURNOVER of Law Land Company improved from £5.38m. to £8.32m. and profit was up slightly from £0.68m. to £0.77m. before tax of £0.3m. compared with £0.22m. from 20.5m. profit was up from £0.25m. to 20.4m.

For the year, basic earnings per 20p share dropped from 0.305p to 0.212p, fully diluted they are 1.24p (2.32p) on increased capital—final dividend is 1.817p net for a total of 3.217p (same).

During the year, 2,004,645 shares were issued, resulting from the exercise of conversion rights attaching to £1,053,076 of the 6 per cent. Unsecured Loan stock 1983.

There has been volume increase at Warne Wright and Rowland but margins have dropped from 10 to 8 per cent. which the chairman attributes to the time lag on permitted price increases. Order books are full for all divisions except the building-linked Taylor Powell.

The new abrasive company (still loss making in 1976) has started the year in profit and elsewhere export growth in many markets has been strong, with orders overseas sales climbing from £867,000 to £1.4m. Prospects overall are good, a fact which is not fully reflected in the 3.94p share price. At this level the p/e is 4.6 against a sector average of 7.9. The dividend yields 8.7 per cent. and is covered nearly four times.

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## SCOTTISH LTD.

The total of the valuations of Scottish United Investors has the group's properties held as arranged a five-year floating rate fixed assets amounted to £32.61m.

## Giddings & Lewis Fraser

AFTER AN advance at half-time from £24.228 to £31.0210, pre-tax profit of Giddings and Lewis Fraser for 1976 remained steady at £57.000, against £56.2600. Turnover was down slightly at £6.01m. compared with £6.22m.

The profit was struck after depreciation of £18.000 (£180,000) and interest of £13.000 (£114,000). Tax took £27.000 against £22.000, leaving net income down at £30.000 compared with £34.000.

The company, which manufactures machine tools, is owned as to 81.65 per cent. by Giddings and Lewis, Inc. of the USA. The remainder is held by the management and the Fraser family.

## BCA/NATIONWIDE LEISURE

Guinness, Mahon and Co. has acted on behalf of BCA 350 Nationwide Leisure Ordinary shares for cash at 10p each.



## The Solicitors' Law Stationery Society, Limited

### Preliminary Profit Statement

Year ended 31st December	1976	1975
	£	£
Turnover	16,995,368	14,346,010
Profit before taxation	1,223,657	1,340,421
Taxation	638,175	718,072
Profit after taxation	585,482	622,349
Minorities	1,575	8,618
Profit attributable to members before extraordinary items	583,907	613,731
Extraordinary items (See note)	92,047	97,088
Profit attributable to members after extraordinary items	£491,860	£516,643
Dividends	£431,140	£372,067
Earnings per ordinary share	5.23p	5.72p

Note: Extraordinary items in 1976 relate to Goodwill on acquisition of shares in subsidiaries written off (£68,778) and net unrealised exchange losses (£23,269) relating to overseas borrowings and assets acquired with such borrowings.

### The Chairman, Mr. R.A. Hodges, states:

In a difficult year for many of our traditional markets, we nevertheless managed to increase sales by 18.5% to £1.7m. but profits came under pressure and were marginally lower at £1.2m. This is the first time in ten years that our profits have not increased.

However, as a measure of the Group's inherent strength, I am happy to announce that the board is recommending a final dividend of 2.3720p (net) per share which is the maximum allowed under present legislation and makes a total distribution for the year of 3.8020p (net). It is proposed to pay the dividend on 20th May, 1977, to members on the register on 25th April, 1977.

The level of profits in the United Kingdom was held. However, we were unable to achieve a break-even situation in Belgium, where there was a continuation of a depressed economy, with rigidly controlled prices amounting almost to a price freeze.

The Annual General Meeting will be held at The Savoy Hotel (River Entrance), London W.C.2 on 29th April, 1977 at 12 noon.

Oycz House, 237 Long Lane, London SE1 4PU

PRINTING, PUBLISHING, STATIONERY, OFFICE MACHINERY, COMPUTER AND PROFESSIONAL SERVICES, CONFERENCES AND SEMINARS.

compared with a book value of £2.13m. and resulting net surplus has been credited to capital reserve.

The net surplus is after writing down £3.5m. in the value of development sites where no decision to commence development has been made and £3.6m. in value of newly completed but substantially under properties—a significant improvement in the values of these properties can be anticipated when fully let, say the directors.

\* Equivalent after allowing for scrip issue. £ on 10p "A" Ordinary increased by rights and/or acquisition issues. £ on 10p "A" Ordinary.

## DIVIDENDS ANNOUNCED

Current payment	Date	Corporation date	Total spending for year	Total last year
A.B. Electronic	Int. 1.5	May 27	1.05	1.52
Amal. Metal	9.16	May 21	8.37	14.16
American Trust	0.65	May 11	0.33	1.02
A. F. Bulgin	0.71	July 1	0.66	1.08
Land	1.32	July 12	1.32	2.32
Savoy Hotel	1.07	Aug. 19	0.5	0.5
Scottish Metr. Prop. int.	0.9	May 20	0.8	1.74
Solicitors' Law	1.37	June 1	2.1	3.47
Warne Wright	1.09	May 25	0.98	2.17
A. Wood and Sons	0.8	May 25	0.73	0.73
Dividends shown per share net except where otherwise stated.				

## Tourists lift Savoy in second half

As last year's record and sustained increase in the demand for accommodation in the second half, pre-tax profit of The Savoy Hotel recovered to a record £1.24m. for 1976, compared with £1.15m. the previous year.

The latter half yielded a profit of £1.21m. against £26,000 in the first six months. The decline in American visitors was reversed and there was an increase from Europe and the Middle East.

Treasury consent has been obtained for a dividend of 1p net (0.5p) on 10p "A" Ordinary shares for the year is £35.8m. (£10.807), leaving £20.5m. (£41.111). Minorities take £4.472 (£2.475) and extraordinary debts £0.667. (£1.729). credit balance losses of £70.35 arising on the company's foreign currency loans less a surplus on exchange on the consolidation of foreign subsidiary companies—an appropriate transfer has been made from capital reserves amounting to £1.22m. (to reserves £1.05m.) to cover these exchange losses, and those of previous years.

Retained profits amount to £3.5m. (£2.94m.).

### • comment

The effect of the London tourist boom last summer is seen in undiluted form in the results of Savoy Hotel. For the major hotel, the company had agreed not to subscribe. The balance amounted to £30.477 (34 per cent.) and the Board have been advised that these shares could not be sold on the market at a premium, therefore the undiluted value is underwritten.

Frederick H. Burgess will subscribe for the holding of Burgess and its associates will become 50.7 per cent.

The operational gearing of the company is demonstrated by the fact that a 30 per cent. jump in sales has produced a 2.30 per cent. jump in profit. And the current year should see further improvement since the first half last year contributed very little coming before the tourist boom.

It may be that the recent Scottish coast troubles of the hoteliers has induced us to think in terms of providing the problems.

On the other hand, if we are to look at the effect of the increase in the number of tourists, it is clear that there are more tourists but we would like to know what arrangements are as profit for the year.

The success of the contract with the

Government for an increase in the number of tourists.

During the re-opening, the

number of tourists increased.

The directors state that the difficulties of 1975/76 when there was a loss of £645,000, had been carried over, but they add that improvements were beginning to show in current trading.

The loss for the first six months was after depreciation of £25,000 (£26,000), investment income £44,000, (£26,900), interest £64,000 (£28,000) and a loss on disposal of fixed assets of £29,726 shares has been sold on the market at a premium over the issue price.

Again there was no tax charge but there was an extraordinary item of £89,000 (£87,500), relating to the cancellation of Assam Consolidated Tea Estates, and to transactions entered into by a former director, Mr. F. P. Brewer, without the Board's knowledge.

The Board has been able to recover some of this expenditure but a provision is being made for £31,581 which the directors consider irrecoverable.

The losses incurred have caused considerable financial pressure on the company, the directors

# TRANSPORT DEVELOPMENT GROUP IN 1976

- \* Profit for the year before tax £14.76 million compared with £12.12 million in 1975.
- \* Net capital expenditure totalled £15 million.
- \* Road haulage companies busier and more profitable than in the previous year. Replacement programme activated to ensure fleets maintain a sensible balance between old and new.
- \* Warehousing companies bore the brunt of the recession; distribution services continued to grow in importance.
- \* Exceptional weather produced problems for cold store operators particularly those engaged in fruit and vegetable processing, but results satisfactory.
- \* Acquisition of H. Cox & Sons (Plant-Hire) Limited widened and enlarged existing interests in plant hire.
- \* Fall in demand for steel reinforcement but Square Grip expanded sales operations overseas.
- \* Great improvement in results of Dutch subsidiaries. German holding company formed and acquired transport and storage undertaking at Wurzburg.
- \* Profits of Australian companies increased. Two Australian transport concerns acquired.
- \* So far profits for 1977 are ahead of those for the previous year.

*Full report and accounts available from the Secretary, Transport Development Group Ltd., Kingsgate House, 66-74 Victoria St., London SW1E 6SR*

	1973	1974	1975	1976
Net Income £'000	96,516	119,344	129,354	160,547
Profit before tax £'000	12,236	13,556	12,122	14,760
Assets £'000	63,932	68,764	76,209	90,058
Fit to income %	12.88	11.36	9.37	8.19
Fit to assets %	24.21	24.54	19.95	21.06
Net Capital £'000	32,032	32,032	32,032	35,052
Dividend (adj.) %	8.77	9.72	10.38	11.41

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"Inveresk has sustained all its operations and added new activities."



Mr. T. S. Conigan,  
Chairman and Managing Director

It was a slow but steady improvement in demand during 1976 for Inveresk's products, both manufactured and distributed, compared with the very poor levels for most of the preceding year. The economies of U.S.A., Canada and West Germany did not recover to a significant extent and, as a factor, combined with the continuing high inflation in U.K. to cause a severe further decline in the range value of sterling, retarded progress in domestic markets. However, in spite of continuing pressures on margins, there was an encouraging improvement in profitability in most operations, particularly during the last quarter of the year.

Inveresk Group's paper merchanting activities were considerably enlarged in August 1976, by the acquisition of Ward and Smiths (Holdings) Limited, the parent company of Linker & Supplies Limited, one of the best U.K. paper merchants.

**Future Prospects**  
Despite the severe economic recession, intense competition and high inflation, the Group has sustained all its operations and added new activities. The improved trend in the level of activity shown during the last quarter of 1976 has continued during the first two months of 1977. As there is little evidence of excess inventories in the hands of customers, the present levels of demand for most of the Group's products would appear broadly to reflect current usage. The Group is well placed to take full advantage of further increases in demand in its U.K. and overseas markets.

The Fifty-fourth Annual General Meeting of Inveresk Group Limited will be held at Connaught Rooms, Great Queen Street, London WC2 on 22nd April, 1977, at 12 noon. Copies of the Report and Accounts for 1976 may be obtained from the Secretary at Clan House, 15 Tudor Street, London EC4Y 0BA.

RESULTS FOR YEAR TO 31st DECEMBER	1976 £'000	1975 £'000
External Sales	51,711	34,627
Profit before tax	1,557	1,265
Preference Dividends	1,167	900
Ordinary Dividend	105	106
Increase in retained profit	618	573
Earnings per Ord. Stock Unit Net basis	438	222
NH basis	7.7p	6.0p
	10.1p	8.4p

**Inveresk Group**

# Stone Platt expenditure outlook for 1977

SUBSTANTIAL increases in capital expenditure are planned and need internationally by the construction and mining industries.

The Weir Group's specialist manufacturer of hydraulic and pneumatic sealing systems and oilfield rubber consumables will in future be known as Weir Polypac.

The continental sealing system companies, Polypac SPA of Turin, Italy, and Polypac SA of Saint Priest, France, will continue to trade under their existing names.

**Solicitors' Law down to £1.22m.**

A statement of source and application of funds shows that cash balances increased by £7,899, (£5,029), and loans increased by £2,71m, (£2,37m)—cash and short-term investments increased from £8,47m. to £15,61m., and debentures and other loans from £19,71m. to £24,41m.

In his annual statement Mr. Hawkins confirms his earlier report that demand is still erratic and the level of activity in many plants is still well below the optimum. Further progress is planned in 1977, but this will depend on continuing improvement in the level of world trade.

The company foresees continuing growth in the years ahead for each of its main products.

In their report, the auditors, Price Waterhouse and Co. say that the consolidated accounts of two American subsidiaries prepared on the basis of "last in first out" method of accounting for inventories, which is a requirement for obtaining the taxation advantages available to companies adopting that method in the U.S. The "last in first out" method of valuation is an accounting method not generally accepted under the U.K. statement of standard accounting practice number 8. The effects on the profit for the period and retained reserves are not given as to do so may prejudice the tax position in the U.S. they add.

## • comment

The feature of Stone-Platt's accounts is a 15 per cent. (7.5m.) drop in net working capital during a year in which sales rose by 22 per cent. This much improved ratio, which apparently is sustainable, works straight through to spending on fixed assets and acquisitions have been more or less covered by net cash flow. The results is that net short term borrowings of £9,000 have been replaced by net cash of £2,71m. and net debt has fallen from the equivalent of 23 to 16 per cent. of shareholders' funds. So there should be no problems about financing the group's plans for further expansion.

Statement Page 29

## WEIR GROUP

A new company, Weir Alloy Products has been formed by the founders of The Weir Group to specialize in the design and marketing of ground engineering tools and equipment, particularly the products of Esco Corporation of Portland, Oregon, which are manufactured under

licence by Weir Group foundries and used internationally by the construction and mining

trades. This reflects the underlying trend plus some exceptional expenses incurred in streamlining parts of the group. The divisions showed a patchy trend with printing doing better and contributing about a quarter of the profits, publishing has maintained its profits while stationery profits are down. Meanwhile, losses in Belgium were about £150,000. This year the group hopes to break even in Europe. But until this operation gets going and until

Solicitors' Law can get meaningful margins on the reprobates side (a fast developing market), overall prospects do not look bright. At 47p the shares give a yield of 13.1 per cent and the price is 81.

Statement Page 26

## f832,000 record at Bulgin

A LOSS in Belgium adversely affected the taxable profit of

Solicitors' Law Stationers Society which was £10,764 lower at £222,857 in 1976. Sales were 18.5 per cent higher at £17m. At half-time profit was down from £7,612 to £6,101.

Stated earnings per 20p share were 5.25p, (3.72p) and a net dividend of 2.72p lifts the total to a maximum permitted £3,029,105 (3,453,24p).

Profits in the U.K. were steady but in Belgium there was a depressed economy, with rigidly controlled prices while many overheads were statutorily increased by indexation. As a result efforts to open up this new market are taking longer to reach depreciation than planned but the directors say that the remains convinced that the move into the European market through Belgium is essential to maintain future growth prospects and are confident that the investment will pay dividends in due course.

The directors state that they do not consider it wise policy to defer tax provisions and the provision in 1976 was increased. However account will be taken of relief which will be available in future in respect of overseas losses.

Statement Page 29

## • comment

This is the first time in 10 years that Solicitors' Law has not increased its profits. But the signs were evident at the interim stage when profits were down by 3.7 per cent. The second half did even worse, with a 13 per cent. profits fall on a 7.7 per cent. fall in turnover.

Statement Page 29

## Exchem. Setback

Explosives manufacturers Exchem Holdings reports a reduction in pre-tax profit for the year ended September 30, 1976, from £97,515 to £247,711. Tax took £187,202 compared with £281,400 and after an extraordinary credit of £62,340 (nil) and minorities of £48,778 (£82,56), profit attributable fell from £263,551 to £194,171.

The Ordinary dividend was unchanged at 15p per share, and the dividend on deferred shares was also unchanged at 7.0775p.

Retained profit was £161,227 against £229,222.

Mr. J. Chatel, the chairman, reports that turnover was ahead by 17 per cent at £13.56m. but interest charges on bank loans, overdrafts and other short-term loans jumped almost £300,000 to £300,765.

Working capital increased by £228,247 compared with an increase of £75,279.

Exports amounted to £662,776.

Meeting, Curzon Street, E.C.

April 22 at 11 a.m.

# Woolworth sees further increase this year

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official notifications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

### TODAY

Intertape Propack (Glasgow, Burnley, Darwen, Droylsden, Oldham, Wigan), British Aluminium, British Gas, British Gas Export and Law Life Assurance, Grammal Holdings, House of Fraser, Thomas Journeay, Wheal Kitchen Taylor, Legal and General Assurance, Tilling, Cunard, P&O, P&O Ferries, P&O Denim Assurance, RHT Textiles, Ryehill Industries, St. George Estates, Spiers-Sarco, Tilbury Caravans, Tube Investments, Zenith Caravans.

### FUTURE DATES

Interline, Bradford, Bristol, Burnley, Darwen, Droylsden, Oldham, Wigan, British Gas, British Gas Export and Law Life Assurance, Grammal Holdings, House of Fraser, Thomas Journeay, Wheal Kitchen Taylor, Legal and General Assurance, Tilling, Cunard, P&O, P&O Ferries, P&O Denim Assurance, RHT Textiles, Ryehill Industries, St. George Estates, Spiers-Sarco, Tilbury Caravans, Tube Investments, Zenith Caravans.

# £0.22m. leap by A.B. Electronic

FOR THE half year to December 31, 1976, A.B. Electronic Components reports pre-tax profit more than doubled from £169,313 to £380,915. Sales were up £2.17m. at £7.84m. with the U.K. export content better by 84 per cent, and the directors say the order position is greatly improved.

There is remains considerable scope for improvement, much of which will have to be derived from increased sales abroad, and arrangements have been put in hand to achieve this objective, the directors state.

Reorganisation of the newly acquired Kenture Developments is proceeding but this company is not yet profitable. Subject to present day uncertainties, group results for the current year are expected to show a good improvement. Liquidity is satisfactory, and a maximum permitted total dividend is forecast.

Stated earnings per 25p share were higher at 6.1p (3.2p) and the net interim dividend is raised to 1.8p (1.05p). Last year payments totalling £315,312 were paid from profit of £370,321.

Half-year 1976 1975  
Sales ..... 7,542,000 5,659,000  
Depreciation ..... 328,784 224,608  
Interest ..... 371,272 240,310  
Profit before tax ..... 2,205,215 1,693,313  
Tax ..... 177,590 65,590  
U.K. ..... 154,000 55,500  
Overseas ..... 23,200 10,000  
Net profit ..... 203,515 103,813

## MEETING DELAY FOR C. H. JOHNSON

The Board meeting of C. H. Johnson and Sons scheduled for March 28, 1977, has been postponed due to audit delays.

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**JONES LANG WOOTTON**  
Chartered Surveyors  
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## The Ashdown Investment Trust Limited

(Managed by J. Henry Schroder & Sons Ltd.)

The Annual General Meeting was held yesterday at 120 Cheapside, London EC2V 6DS.

The following is a summary of the Report by the Directors for the year ended 30 November 1976.

	1976	1975
Total Revenue	£820,988	£716,819
Revenue after taxation and expenses	£347,352	£323,464
Earnings per Ordinary Share	3.57p	3.32p
Ordinary dividends for the year, net per share	3.40p	3.05p
Net asset value per 25p Ordinary Share	136p	143p

### Investments

During the year share prices on the London stock market fell, the F.T. Actuaries All-Share Index falling by 15.3% while the New York market improved, the Standard & Poor's Composite Index (adjusted for variations in the exchange rate and the investment currency premium) rising by 15.4%. Reflecting these movements, the total net assets of the Company, less the currency borrowing during the year, decreased to £16.4m a decrease of 3.6% from the total net assets at 30 November 1975. This resulted in a fall in the net asset value per ordinary share by 4.5% from 143p to 136p.

## The Scottish Metropolitan Property Company Limited

### Interim Statement

	Half year to 15.7.77 (unaudited)	Half year to 15.7.76 (unaudited)
Issued Share Capital	£5,424,862	£5,424,862
Net Revenue from Properties, before Exceptional and Extraordinary Items	1,247,519	1,194,462
Other Income	227,496	62,779
Group Profit before Taxation and Extraordinary Items	507,516	441,736
Available for Dividend	347,485	316,494
Dividend—Interim	244,118	216,994

The Directors have declared an interim dividend of 0.9p per share (1976—0.8p per share) on an issued share capital of £5,424,862 and are confident that the profits for the year ending 15th August, 1977 will exceed those of the previous year.

## BIDS AND DEALS

# NFU says no to new Thos. Borthwick offer

Thomas Borthwick has failed to win the crucial approval of rival bidders NFU Development Trust in its revised £12.3m. offer for FMC in which the Trust has a 45 per cent. stake and for which it has made a £2.1m. bid.

Following a meeting between Borthwick and NFU Trust yesterday, Mr. John Cossins, chairman of the Trust, told Dr. Bill Bullen, chairman of Borthwick that the Trust will not accept its offer.

In a statement yesterday the Trust said it regarded its investment in FMC "as a long-term and increasingly profitable one." It considered that the FMC Board and management had already embarked on the policies necessary for sustained and profitable growth and the Trust was unwilling to see the fruits of this groundwork taken for the benefit of Borthwick shareholders.

At the meeting yesterday Thomas Borthwick put forward his proposed £12.3m. offer for FMC. The potential holding in the merged companies from 15 per cent. to 20 per cent. by involving the Trust in underwriting arrangements for the new Borthwick shares.

Mr. G. Cattell, director general of the NFU said yesterday that NFU Trust may have been interested in a much higher percentage participation but at the same time thought that Borthwick's proposals were rather vaguely formulated.

Borthwick's revised offer of 25 shares for every 18 FMC shares worth 134p a share will be Borthwick at 86p, is conditional on the recommendation of the FMC Board which is due to meet tomorrow.

In addition, and subject also to the FMC recommendation, there is a cash alternative equivalent to 125p for every FMC share to be made to accepting FMC shareholders by Morgan Grenfell, Borthwick's advisers.

In the event of this offer not being recommended Borthwick will make an offer of 134p share for every 10 FMC shares, valuing them at 113p each—the highest price Borthwick has paid in the market.

NFU Trust's obligatory offer of 9.5p a share in cash is expected to be put to a vote next week. Mr. Jack Clarfield, chief executive of FMC, said last night: "We will be having a meeting of our full Board on Thursday when the Trust's statement together with representations we have received from many other shareholders and obviously also the discussion we had with representatives of Thomas Borthwick last week will be subject to the completion of various formalities.

On a personal note Mr. Clarfield

Together with the

979,02

### JOHN FOSTER ACQUISITION

John Foster and Son, the Quakertown (Yorkshire) based textile group, has agreed in principle to acquire for a nominal consideration Neflar Manufacturing, mohair and worsted cloth manufacturer, of Colne and Bradford.

The business of Neflar Manufacturing will continue and is intended that the manufacturing and trading connections with Pitchon, will be preserved and developed, particularly in the South American markets.

In addition, and subject also to the FMC recommendation, there is a cash alternative equivalent to 125p for every FMC share to be made to accepting FMC shareholders by Morgan Grenfell, Borthwick's advisers.

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On a personal note Mr. Clarfield

Together with the

979,02

LONRHO/CENTRAL LINE

Lonrho announces that acceptances of its offer for the 788,405 ordinary shares of Central Line Securities not already owned have been received from 300 shareholders in respect of 686,890 ordinary shares comprising respectively 79.8 per cent. of the holders and 67.3 per cent. of the ordinary shares in respect of which the offer was made. In addition, Lonrho has received in respect of a further 22,047 shares from 10 shareholders.

On a personal note Mr. Clarfield

Together with the

979,02

ordinary shares owned by a subsidiary of Lonrho before the offer was made, Lonrho's holding (excluding the 22,047 shares subject to the completion of acceptance formalities) now comprises 94.3 per cent. of the issued capital. No other ordinary shares of Central Line have been acquired or agreed to be acquired by Lonrho during the period of the offer. The offer is extended until further notice.

AE ABANDONS OFFER FOR SERCK

Associated Engineering has decided to abandon its contested £55m. takeover bid for Serck which was referred to the Monopolies and Mergers Commission a fortnight ago.

Following the Commission's reference AE's bid automatically lapsed but AE now believe that the prolonged period of uncertainty inherent in a submission to the Monopolies and Mergers Commission might have an inhibiting influence on other possible future developments. This uncertainty together with the necessary diversion of senior management effort would not be in the interest of shareholders.

Mr. John Ferguson, chairman of AE, says that the accusation of ambiguity in AE's assurances about future employment made by the chairman of Serck "is both unjustified and undeserved". Although convinced of the benefits of AE's proposals for Serck the AE Board says that for its part the differences of opinion over the merits of its offer will not affect its relationship with Serck.

ARBUTHNOT LATHAM

Arbuthnot Latham Holdings, in association with Mr. I. T. Rankin, has acquired Vanesco Holdings for £4,000,000 cash. The acquisition, the company has 53 per cent. and Mr. Rankin 13 per cent. Mr. Rankin, who was not previously a shareholder, remains managing director.

Vanesco Holdings, through its subsidiary Vanesco, is a distributor of new and reconditioned machinery used in the reclamation of metals and other materials.

Pre-tax profits of Vanesco for the year to May 31, 1976 amounted to £123,000 and the net tangible assets at that date were

£32,000.

WDL will act as a distributor to the frozen food markets and as it will not be solely linked with any one manufacturer, it will be able to provide a complete and competitive service for all types of frozen food.

The construction is not material in relation to the assets of BOC International or Associated British Foods.

RICHARDS & WALLINGTON

Following the decision by Richards and Wallington (London) to terminate the hiring of compressed air equipment in the London area, agreement has been reached for the sale of the plant, equipment and spares, and the name "London Compressor Hire" to Southdown Plant, a subsidiary of Hethew-Stuart for £206,000 cash.

TAY & ROYAL CENTRE HOTELS

Centre Hotels, while retaining ownership of its Tay and Royal Centre Hotels, Dundee, have granted a Management Agreement to David Miller, formerly Director of Operations, and the properties will therefore be separately operated from April 5, 1977.

The relationship with Centre Hotels will continue in a number of ways including membership of Centrelink Hotels.

Premier/Ball AND COLLINS

Premier Consolidated's agreed formal offer for Ball and Collins (Oil and Gas), due to close on April 18, has been posted to shareholders.

As known the directors of B and C are their families have accepted the offer in respect of 0.6 per cent.; holders of 29.4 per cent. have irrevocably accepted the offer and a further 27.4 per cent. have indicated their intention to accept.

FAGS/DELTEC AND LET

Delte Trust and LET Investments now hold 49.23 per cent. of the ordinary capital of Antofagasta (Chili) and Bolivia Railway Company and 34.31 per cent. of the Preference Capital. The combined voting power of these holdings amounts to 45.66 per cent.

HAWKINS/JACKSON AND STEEPLE

The formal offer documents have been posted to the shareholders of Jackson and Steeple in connection with the agreed offer on behalf of John Hawkins.

NO PROBES

The proposed mergers between Tental and Slimax Group Holdings and between Dowty Group and Ultra Electronic Holdings will not be referred to the Monopolies Commission.

SHARE STAKES

Comella Investments has purchased 51,500 shares in Walter Duncan and Goodlike, making a total of 14 per cent.

John Mendes has acquired an interest in a further 3,000 Ordinary shares of Gordon and Gotch Holdings bringing its total holding to 64,248 shares.

Jorehaut Holdings has purchased a further 175,000 shares in Unicorp International and now holds 22.50 per cent.

Mr. Ian W. McDonald, a director of Lloyds Bank paid 1,000 Lloyds shares at 210p xcl. on March 21.

Grovehead Securities, a wholly owned subsidiary of Eagle Star Insurance, holds 11.43 per cent. of Moss Brothers.

Newbridge Holdings has acquired 580,673 London and European Group Ordinary shares in its own name bringing its total holding to 14.85 per cent.

P and O has received notice from the London Indemnity and General Insurance Company that following a sale of £500,000 Preferred stock they now hold 583,600 Preferred stock, 11.5 per cent. of this class of capital.

A. J. Bekor has sold on behalf of clients 50,000 Leobong Tea Company Ordinary shares at an average 130p representing 24.21 per cent. of the issued equity capital.

On March 8 Mr. Keith Marsden, director and secretary of Syltone, bought 1,250 Syltome shares.

Brierley Investment of New Zealand, together with its subsidiaries have holdings of 630,000 Ordinary shares (9.82 per cent.) and 318,000 Preference shares (11.8 per cent.) in Antofagasta (Chili) and Bolivia Railway Company. These holdings represent 12.24 per cent. of the voting capital.

Grayson is the beneficial owner of 250,173 British Building and Engineering (Appliances) shares (30.67 per cent.).

Largey as a result of a deliberate policy of high liquidity and the high yields available from government and money market stocks, revenue of Estates House Investment Trust for 1976 has been buoyant, says Sir Peter Hayman, the chairman.

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## MINING NEWS

# Anglo comments on its £1.17bn. merger

By KENNETH MARSTON, MINING EDITOR

INTRODUCING the formal documents for the Anglo American merger, take-over of Rand, on a 200 for 100 share swap, Mr. Harry Oppenheimer in Johannesburg yesterday said the main rationale was that "it is a vast amount of new steel going and we need more for it—I don't remember ever when there was so much steel stocks as at present." De Beers 228p.

## Copper prices are too low

WHILE the copper market remains overbalanced by the huge accumulation of surplus stocks, as high as 2.5 million tonnes by some observers, Mr. G. A. Macmillan, chairman of the Rio Tinto-Zinc group's Palabora mine in South Africa is not prepared to forecast this year's course of the metal price.

But he believes that there must eventually come "when demand exceeds supply" when this happens and assuming a continued desire to hold the metal as an investment, "there could be a dramatic increase in the copper price." Basically it will be a case of the price having to catch up with the rising cost of existing production and that of new mines, many new projects are now being delayed.

Mr. Macmillan says that the mine's R55m. expansion is now virtually complete. It will raise annual copper production by about 30,000 tonnes to 125,000 tonnes.

Assuming production costs of about R55 (US\$2) per tonne of refined copper for this notably low cost operation, Palabora would require a copper price of R1.55, or £1.31, per tonne in order to achieve an after-tax return of 15 per cent. on its investment.

South African metal price is equivalent to 102 U.S. cents per pound which is very close to other estimates of prices needed to bring a new mine into production, he adds.

At the moment copper is under 70 cents in the New York market and closed at £2.55 on the London Metal Exchange yesterday.

Even so, Palabora raised earnings per share last year by 10 cents (South African) to 55 cents and raised its dividend by 20 cents to 70 cents against an average copper price received of R1.122 (US\$1) per tonne. The shares of this long-life mine were 850p yesterday.

## GREENVALE DEBT ARRANGEMENTS

In Brisbane the Queensland Government has introduced a Bill into the State Parliament which will only authorise it to take part in the restructuring of debts incurred by the Greenvale lateritic nickel project, but specifies the details of the new arrangements.

The project is a joint venture between the Australian group, Metals Exploration, and the U.S. group, Freeport Minerals. The Queensland Government is the guarantor of the debts, which are thought to total about \$A310m. (£190m.).

## ROUND-UP

South Africa's Sollfointer says that its study has revealed that it could become attractive for the company to resume uranium production, treating surface material and current slimes.

Other changes include:

De Beers' stake in Anglo

disclosed that after the and the Rand Selection issue, the state hold in

De Beers will "jump to

cent; it could be higher

on any further share

De Beers may acquire a

of its underwriting the

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Other changes include:

London holding

The South African asbestos

(£190m.).

## Platinum demand lacks impetus

PROFITS AT the major South African platinum producer, Rustenburg, may be less in the second half of the current financial year than in the first.

The chairman, Sir Albert Robinson, fears that this may be the result of the continuing increase in costs, unless there is an improvement in metal prices.

Sir Albert states that sales in February were "higher than in preceding months, but, he adds:

"It is not yet possible to determine whether this improvement in demand, which resulted from a moderate increase in the level of purchases by industrial customers, will be sustained."

The warning accompanies the declaration of an unchanged interim dividend at 2.5 cents (1.67p). Total payments for 1975-76 were 10 cents.

Net profits for the half-year to the end of February were R16.6m. (£1.43m.) compared with R15.7m. in the same half of the previous year. Total capital expenditure at R12.5m. kept the tax charge down to R1m. against R4.5m. in the 1975-76 first half.

Sales profits went down to R28.7m. from R28m. because of strikes at Ford Motor in the U.S. and lower jewellery demand.

A more sanguine view of the prospects is taken by Mr. E. Pavitt, the chairman of Unicorp, the South African mining finance house which holds 46.8 per cent. of Rustenburg's rival, Impala Platinum. He has noticed since the end of 1976 encouraging signs of improved demand for platinum group metals in the U.S., Europe and Japan.

This has resulted in a welcome firming in the prices of most of these metals. All the indications are that there should be a continuing environment of demand during the rest of 1977," Mr. Pavitt states in the Unicorp annual report.

He considered that South Africa would need to step up its gold sales and that the Soviet Union would sell more in order to meet consumer project needs. He took the view that the yellow metal's industrial value was far less than the current market price; that it was slowly being demonetised; and that its price depended on the premium that buyers were prepared to pay for a currency hedge. Gold was \$147.7 per ounce yesterday.

MINING BRIEFS

Four weeks  
to Sat. 9 Feb. 9  
(figures in tonnes)

Rides Works  
2m.  
Wc Cast Mines  
Ore, treated  
Year ended  
Copper concentrate produced  
Copper concentrate produced

11.495 11.450  
54.289 45.274  
1.352 1.326  
12.446 10.215  
1.174 1.129

Scot. 1976 1975

1976 194.7  
1975 158.7

1974 111.4

1973 11.2

1972 8.0

1971 7.0

1970 20.3

1969 16.1

1968 11.7

1967 8.9

1966 5.3

1965 6.2

1964 4.7

1963 3.6

1962 3.2

1961 3.4

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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

# PLM goes for improved margins in consolidation

BY WILLIAM DULLFORCE

PLM, the Swedish metal can, packaging, and waste treatment concern which has become the European leader in resource recovery systems over the past three years, will go through a consolidation period this year with the emphasis on improved profitability. The effort put into waste treatment and resource recovery is not expected to yield its full return before the next decade.

Spelling out the group's financial policy in the final report for 1976, Mr. Ulf Laurin, the managing director, sets a target for return on total capital employed before tax of 12.5 per cent. (1976 performance: 8.6 per cent.). This would correspond to a return on equity after tax of 13 per cent. (11 per cent.) allowing for a 53 per cent. tax rate and an average interest rate of 6 per cent. (4.7 per cent.) on borrowings.

Mr. Laurin estimates that shareholders could then be paid a dividend of 5 per cent. (4.6

per cent.) at the same time as the share capital could be raised by 8 per cent. (6.4 per cent.).

An 8 per cent. annual growth in shareholders' equity would suffice for a sales increase of 10 per cent. (8.3 per cent.), provided that the rate of capital turnover could be speeded up by 2 per cent. It would also enable the group equity/debt ratio to be maintained at 30 per cent.

Last year PLM improved earnings from Kr.48.5m. to Kr.68.8m. (Kr.4.1m. on sales of Kr.1.87bn. (Kr.258m.)), giving adjusted net earnings of Kr.15.5m. a share against Kr.10.1m. last year and are budgeted at Kr.12.5m. this year. Group liquidity improved to Kr.193m. mainly through an increase in the short-term debt. At the year end liquidity exceeded the target of 8 per cent. of turnover indicated in Mr. Laurin's final programme.

The Board proposes to raise the shareholders' dividend by Kr.0.50 to Kr.6 a share.

MALMO, March 29.

## Higher than expected loss at LKAB

By John Walker

STOCKHOLM, March 29.

THE LKAB State-owned iron ore mining concern in northern Sweden records a higher loss for 1976 than anticipated. The forecast last June was for the loss to be about Kr.165m. The preliminary report for 1976 puts the loss at Kr.243m. It is expected that 1977 will also be a difficult year with a continued pressure on prices, possibly going down by between 5 to 15 per cent.

During 1976 LKAB's deliveries amounted to 22.1 million tons compared with 20.7m. tons in the previous year. The value of sales in 1976 for the parent company rose by Kr.21m. to a total of Kr.28m. The company claims that 25 per cent. of the value of sales were accounted for by transport charges.

Iron ore production dropped from 25.5m. tons to 24.6m. tons, while stocks increased by 3.1m. tons to 12.6m. tons during the year. The loss before taxes for 1976 amounted to Kr.243m. compared with a pre-tax profit in 1975 of Kr.37m.

Competition in 1977 is going to be harder the concern points out, especially with strong competition from new iron ore producers such as Australia, Brazil and West Africa.

## Price cuts at Amdahl Corp.

AMDAHL CORPORATION, which makes a computer processor that is a direct substitute for one of International Business Machines Corporation's largest models, has reduced the processors price by about 25 per cent. reports AP-DJ from California.

The young company, which had its first full year of revenue in 1976, also announced two new processors, one larger and one smaller than its single previous model.

The announcements followed introduction last Friday of a new top of the line processor by IBM and 30 per cent. reductions in sales prices for the older IBM machines with which Amdahl's products compete.

An Amdahl official said on Friday that IBM's price cuts for the System 370, Models 138 and 169 computer processors appeared to be aimed at Amdahl. He added that Amdahl intended to announce this week "new price structures, which will make us quite competitive," but did not mention any new products.

# Slavenburg's to raise dividends

BY MICHAEL VAN OS

SLAVENBURG'S Bank said in its annual report out today that it proposes to raise the 1976 dividend by Fls.2 to Fls.19 per share from Fls.100 after net profits had risen by 12.6 per cent., or Fls.26.1m. Shareholders may instead take Fls.9 in cash and Fls.5 in shares from the tax-free premium reserve.

Slavenburg's total revenue increased by 15.2 per cent. to Fls.51.9m. of which interest income accounted for Fls.102.2m. (Fls.24.1m.) and commission fees Fls.59.7m. (Fls.62.8m.).

Total costs were up to Fls.118.3m. (Fls.90m.). The addition to the provision for general operating risks was raised to Fls.32m.

The bank describes its profit development in the past year as

satisfactory. The balance sheet total amounted to Fls.5.8m. at the end of 1976 of which the Euro-deposit activities accounted for 14 per cent., which represented an increase of 18.2 per cent. on the level of the year before.

Slavenburg's community whereas in past years the emphasis had been placed more on expanding the number of outlets, much attention was paid in 1976 to enlarging existing offices and integrating them further into the group.

On the object of Dutch government initiatives to establish a State Postbank, the bank noted that this seemed less likely in view of the increasing number of new forces in the financial services sector.

AMSTERDAM, March 29

# Sleigh reports \$A4.7m. for first half

BY OUR OWN CORRESPONDENT

H. C. SLEIGH, the Australian in the previous year. A final of 2 cents was also paid last year from Flinders Shipping, in which group, continued its profit recovery with a 27 per cent. lift in cents.

The directors attributed the improvement to further benefits from petroleum price rises and adjustments to the group's market pattern. Trading activities in its share. Last year an initial interim of 1.5 cents was paid in March but was followed by an additional interim of 3 cents in November to make up for the fact that the payout was omitted included a non-recurring

from \$A3.65m. to \$A4.67m. in the December half year.

The directors have decided to pay an interim dividend of 2.75 cents a share. Last year an initial interim of 1.5 cents was paid in March but was followed by an additional interim of 3 cents in November to make up for the fact that the payout was omitted included a non-recurring

SYDNEY, March 29

abnormal dividend of \$A2.6m. from Flinders Shipping, in which Sleigh has a 50 per cent. interest. Flinders sold its container ship and quit trading in Australian coastal waters. Referring to the Warkworth coal venture, in which Sleigh has a stake, directors said preliminary talks were held with Japanese steel mills with whom the venture hopes to sign contracts, with production expected to start towards the end of 1979 or early in 1980.

The announcement is completed by April 11.

Mr. Fred G. Garibaldi, president of the Sleigh transportation division, said Sleigh has and will continue to co-operate fully with Federal and State agencies. "I will respond to a letter from Mr. Quinn in which he asks for additional information," he said.

The young company, which had its first full year of revenue in 1976, also announced two new processors, one larger and one smaller than its single previous model.

The announcements followed introduction last Friday of a new top of the line processor by IBM and 30 per cent. reductions in sales prices for the older IBM machines with which Amdahl's products compete.

An Amdahl official said on Friday that IBM's price cuts for the System 370, Models 138 and 169 computer processors appeared to be aimed at Amdahl. He added that Amdahl intended to announce this week "new price structures, which will make us quite competitive," but did not mention any new products.

# A truly Middle East bank for international business

Most international banks are involved in the Middle East these days.

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**Based in Dubai - fast-growing commercial centre of a fast-growing area - we offer all regular retail banking services to individuals, corporations and government departments in the Gulf.**

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In today's financial world, few can afford to ignore the Middle East.

We believe few can help there better than us.

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# Preussag expects to maintain its dividend

BY ADRIAN DICKS

BONN, March 29.

PREUSSAG, the West German engineering, metals and chemicals group, expects to be able to maintain a dividend of DM 1 per DM100 share for 1976.

Announcing results for the last quarter of last year, and pre-

liminary whole-year figures, the Board reported to shareholders that although profits figures for 1976 appeared somewhat better than those for the previous year, this was in part the consequence of special factors, including final disposal of the group's troubled aluminium fabrication subsidiary, Leichtmetall.

Preussag's metals division, which in lead sales. The metals

DM3.06bn., a process in which all division as a whole raised turnover in the principal areas of activity over from DM673m. in 1975 to

make some contribution.

Writing of the period up to the end of 1976, the Board states: "By contrast Preussag's oil

and gas division had a

need for development natural gas in Australia's North

Shelf."

Woodside has a

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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

**BASF growth heavily ed by export demand**

By GUY HAWTHORN

WEST GERMAN chemical greater improvement rising by export led. Group figures showed the 1976 recession is to just under DM8.5bn. However illustrated by BASF's ever, it failed to reach 1976's results for 1976. DM11.16bn. There was a similar year, domestic demand had per cent and profits surged pattern in pre-tax profits, which despite the fact that sales grew by 4.7 per cent from levels remained roughly at DM5.7bn. to DM6.23bn., but which remained firmly below 1974's record level of DM5.6bn.

holders who saw their Group capital investment went down to 14 per cent, have dividend slashed from up to 10.4 per cent, from just over, the increase in demand was to rejoice. Although while the workforce rose by 1.1 per cent from 111,446 to 112,686 employees. There was a slightly stronger growth in the parent's turnover, by a DM50 nominal share. At that time, he said that export turnover rose by 16 per cent from DM2.9bn. to DM3.91bn. The report made no mention of the parent's progress this year, but in 1976, labour force went up by only 0.5 per cent from 52,700 to 53,200. At the same time profit gave no indication of tax-free personnel costs, including executive Board, predicted a 10 per cent nominal and 8 per cent from DM2.49m. to fringe benefits and social security shot up by 13 per cent to Dm2.79m. At that time, he said that export turnover more than DM2.2bn. At that time, he said that export turnover more than DM2.2bn. The average per capita cost of BASF AG's turnover of the parent DM42,729 (£10,422) a year. AG showed an even Growth last year was heavily factory.

FRANKFURT, March 29.

**TDK sees growth slowdown this year**

By Pauline Clark

AFTER a period of what the company describes as "extraordinary growth" last year, TDK Electronics of Japan is expecting only a slight improvement in sales and profits in the first half of this year. However, with the continuing programme of whittling away low margin products, last year's sharp improvement in earnings as a percentage of sales to nearly 10 per cent, should be maintained.

Giving this forecast in London yesterday, Mr. Katsuhiro Kamiya, executive vice president, told an investors' meeting that prospects for electronics parts mainly used in the consumer electronics industry appeared to be clouded at present particularly in view of the recent appreciation of the yen against the dollar. The projected increase in duties on colour television sets in the U.S. also made the outlook uncertain although TDK did not expect it to have a significant effect on its overall sales. The U.S. should continue to be a major market for TDK, he said, while the Middle East offered prospects for growth in cassette tape sales. But overall prospects for TDK in 1977 were dependent on economic recovery towards the end of the year.

Capital investment is expected to amount to some ¥6bn. this year (Y10bn.) which would be financed out of retained earnings and proceeds from last October's European equity issue, it was added.

**Capital spending to help AECI**

By RICHARD ROLFE

ANNUAL report of AECI, manufacturers of explosives, chemicals and plastics, and is the biggest industrial concern in South Africa, relates to the current year ended 31, 1977, squarely state of the overall

clear that the chairman, Mr. Harry Oppenheimer, presents the 40 per cent of De Beers Industrial division in AECI does not any significant pickup this timescale, but simply that the group "is well-positioned in the business

These have centred around two projects: a coal-based ammonia plant, the largest of its kind in the world, and the group's "complex" project.

The ammonia plant has lost large sums over the past two

JOHANNESBURG, March 29.

AECI has spent heavily on years, largely because of problems associated with its single-stage and plastics, and is the biggest industrial concern in South Africa, relates to the current year ended 31, 1977, squarely state of the overall

last year which increased issued share capital by 50m. shares to 137m. raising R83m. specifically to fund "Complex."

Following a further issue of shares to acquire SA Nylon Spinners, AECI now has 149m. shares in issue and at 1978, which also holds a 40 per cent interest, is fond of observing that "the best money we've got is the money we've spent." By 1978 it is estimated AECI should be drawing major benefits from its past programme.

These have centred around two projects: a coal-based ammonia plant, the largest of its kind in the world, and the group's "complex" project.

The ammonia plant has lost large sums over the past two

capitalised at R270m.

This announcement appears as a matter of record only

**DM 25,000,000**

5½ Year Floating Rate Loan to Finance Exports from

**AEG-TELEFUNKEN****ELEKTROPRIVREDA BiH**  
Unconditionally Guaranteed as to Principal and Interest by  
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**DOW BANKING CORPORATION**  
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\$80,000,000

**The Broken Hill Proprietary Company Limited**

Guarantor of U.S.-dollar term loan  
to BHP Finance Limited,  
Canberra, A.C.T., Australia

Financing managed by:

**MORGAN GUARANTY TRUST COMPANY OF NEW YORK****BANK OF AMERICA NT & SA****CITIBANK, N.A.**

Funds provided by:

**MORGAN GUARANTY TRUST COMPANY OF NEW YORK****BANK OF AMERICA NT & SA****CITIBANK, N.A.****CHEMICAL BANK****CONTINENTAL BANK**Continental Illinois National Bank  
and Trust Company of Chicago

This announcement appears as a matter of record only.

**GROUPE BRUXELLES LAMBERT****Towards a better balance**

BY DAVID BUCHAN IN BRUSSELS

BARON LAMBERT has been reshuffling his cards. The Belgian financial and banking empire that carries his name is to be reorganised, following the announcement last week of the creation of a new super-holding company, to be called Groupe B.Fr.1.500 on roughly the stock market quotation. This will raise assets of B.Fr.2.0bn. (£317m.). Groupe's stake in BBL will be reduced, both the Banque 45 per cent.

Group officials maintain that existing holding company, Compte Bruxelles Lambert (CBL), will have to raise a public issue to give its new shareholders the stake in BBL was in fact an essential part of a plan that had been decided on at least two years ago. The aim is to create a pyramid, with the new Groupe Bruxelles Lambert at the top acting as the passive holder of the new 45 per cent stake in BBL and the almost 100 per cent ownership of CBL.

To compensate BBL's public shareholders for excluding them from this privately conducted loan, the group's directors have waived any preferential rights attached to their 45 per cent stake in BBL on any future equity increases up to B.Fr.3.5bn. for the next four years. Thus, the loan conversion should show any BBL rights issues until that up in improved cash flow.

**City and Urban Properties exceeds earnings forecast**

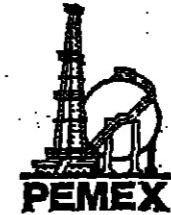
BY DANIEL NELSON

CITY AND URBAN properties report. In the report Mr. Hutchinson announced a net profit of \$1.1m. for 1976, slightly more than the \$1.0m. forecast by the S&P 500 in 1974. Chairman, Alan Hutchinson, in the company's first year as a October and considerably better public concern. The final dividend is 25 cents up from 25 cents last year. The company, affiliated to Hutchison International through the controlling stake held by Hong Kong and Whampoa Duck, said it would propose a five-for-one split on its nominal 35 shares at the annual meeting on May 12.

Alan Hutchinson said to day that the company was benefiting from the general improvement in the property market. All its major construction contracts were on target and it had not noticed a marked increase in construction costs, which some observers had feared would hit the colony as a result of the work on Hong Kong's underground railway and other major construction projects. He attributed the holding down of costs to the company's decision to "stay mostly in the standard field—the section of the market that we know."

The company's two main schemes currently underway are a 2,600-apartment project due for completion by 1978 and a factory project. The 1975 profit was \$18.56m. The group does not give half-time figures because the major portion of profits is derived from the sale of flats and is accounted for when the occupation permit is issued and not on the date of each sale.

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

**PETROLEOS MEXICANOS****U.S.\$350,000,000****MEDIUM TERM LOAN**

MANAGED BY

**CHASE MANHATTAN  
LIMITED****BANK OF AMERICA NT & SA  
BANQUE NATIONALE DE PARIS  
SOCIETE GENERALE  
CROCKER NATIONAL BANK  
TORONTO DOMINION BANK****CITICORP INTERNATIONAL  
GROUP****WESTDEUTSCHE LANDES BANK  
GIROZENTRALE****BANK OF MONTREAL****SECURITY PACIFIC BANK****CANADIAN IMPERIAL BANK OF COMMERCE****FIRST CHICAGO PANAMA, S.A.****THE ROYAL BANK OF CANADA**

AND

**BANCO DE COMERCIO S.A. (MEXICO)/LIBRA BANK LIMITED**

CO-MANAGED BY

**ALLIED BANK AND TRUST COMPANY  
(BAHAMAS) LIMITED  
MANUFACTURERS HANOVER LIMITED  
EUROPEAN AMERICAN BANKING  
CORPORATION****ROYWEST BANKING CORPORATION LIMITED**

PROVIDED BY

**ALLIED BANK AND TRUST COMPANY (BAHAMAS) LIMITED  
AMERICAN SECURITY BANK, N.Y.  
ANDRESENS BANK INTERNATIONAL SA****BANCO DE COMERCIO S.A. (LOS ANGELES)/INTERNATIONAL BANKING BRANCH  
BANCO INTERNACIONAL S.A. (MEXICO GRUPO FINANCIERO INTERNACIONAL)****BANCO NACIONAL DE MEXICO SA (BANAMEX)****THE BANK OF ADELAIDE****BANK OF AMERICA N.Y. & SA****BANK OF IRELAND****BANK OF THE SOUTHWEST, N.Y. (NASSAU BRANCH)****BANQUE CONTINENTALE DU LUXEMBOURG SA****BANQUE INTERNATIONALE A LUXEMBOURG SA****BANQUE NORDEUROPE S.A.****CANADIAN IMPERIAL BANK OF COMMERCE****THE CHASE MANHATTAN BANK, N.Y.****CHEMICAL BANK****CREDIT CHIMIQUE****CROCKER NATIONAL BANK****THE DETROIT BANK AND TRUST COMPANY****EUROPEAN AMERICAN BANKING CORPORATION****EUROPEAN ARAB BANK (BRUSSELS) S.A.****THE FIDELITY BANK (NASSAU BRANCH)****FIRST NATIONAL BANK IN DALLAS****THE FIRST NATIONAL BANK OF CHICAGO/PANAMA BRANCH****THE FIRST NATIONAL BANK & TRUST COMPANY****OF OKLAHOMA CITY****FULTON NATIONAL BANK OF ATLANTA****GIRARD TRUST BANK****GULF INTERNATIONAL BANK (BAHRAIN)****HARTFORD NATIONAL BANK & TRUST COMPANY  
INTERNATIONAL COMMERCIAL BANK LIMITED****IRVING TRUST COMPANY****LIBERTY NATIONAL BANK & TRUST CO.****OF OKLAHOMA CITY, NASSAU BRANCH****LIBRA BANK GROUP****MANUFACTURERS HANOVER TRUST COMPANY****MELLON BANK, N.A.****THE MERCANTILE BANK OF CANADA****MERCHANTS NATIONAL BANK AND TRUST COMPANY****NATIONAL BANK OF NORTH AMERICA****NEW ENGLAND MERCHANTS NATIONAL BANK****THE NORTHWESTERN NATIONAL BANK****OF MINNEAPOLIS, NASSAU BRANCH****PIERSON, HELDRING & PIERSON (CURACAO) N.V.****PKBANKEN INTERNATIONAL (LUXEMBOURG) S.A.****PROVIDENT NATIONAL BANK****THE ROYAL BANK OF CANADA****ROYWEST BANKING CORPORATION LIMITED****SECURITY PACIFIC BANK****STANDARD CHARTERED BANK LIMITED****SOCIETE GENERALE****SWISS BANK CORPORATION****TEXAS COMMERCE BANK, N.Y.****TORONTO DOMINION BANK****UBAI—UNION DES BANQUES ARABES****ET EUROPEENNES S.A.****UNION TRUST COMPANY OF MARYLAND****UNITED VIRGINIA BANK****THE VALLEY NATIONAL BANK OF ARIZONA****WELLS FARGO BANK, N.A.****WESTLB INTERNATIONAL S.A.****AGENT****CITICORP INTERNATIONAL BANK LIMITED**

25 MARCH 1977

## WALL STREET + OVERSEAS MARKETS

## + FOREIGN EXCHANGES

## Early small bargain hunting: up 3.49 Pound firm

BY OUR WALL STREET CORRESPONDENT

**SMALL BARGAIN** hunting was in progress on Wall Street to-day, pushing prices broadly higher in closing prices and market reports were not available for this edition.

early trading but the market settled back somewhat at mid-session.

After rallying 4.66 to 930.77, the Dow Jones Industrial Average partially reacted to 929.60 by noon, for a net gain of 3.49. The NYSE All Common Index recovered 20 cents to \$44.05, while risen led falls by a seven-to-four majority. Turnover expanded 910,000 shares to 785m, compared with mid-day yesterday.

Analysts said most of the early buying flurry was concentrated in the Blue Chip and "Glamour" stocks, which recently had been under strong selling pressure.

Investors, however, remained concerned about inflation, higher interest rates, President Carter's

United Technologies were up \$1 at \$183 on its offer to buy all the shares of Babcock and Wilcox at \$42 each. Trading in Babcock was subsequently delayed—the stock closed at \$344 yesterday.

American Motors put out another \$1 to \$34 in active trading—some analysts suggest the company could benefit from President Carter's energy saving measures, due to be released next month, because of AMC's small car line.

General Motors, Ford and Chrysler were each firm.

In the Computer Group, IBM added \$1 to \$279, Burroughs \$1 at \$433 and Data General \$1 at \$422. Control Data gained \$1 to \$291—it introduced two new computers.

Prices also rose on the American S.E., where the Market Value Index was up 0.12 at 111.81, but the trading volume decreased 60,000 shares, to 940,000 shares compared with noon yesterday.

The Metals and Minerals Index recovered 4.2 to 1,137. Oil and Gas 5.6 to 1,109. Banks 1.03 to 233.71. Utilities 0.43 to 148.12 and Papers 0.07 to 112.22. Only Golds, down another 24.8 to 1,068.0, moved against the general trend.

Bow Valley Industries rose \$1 to \$171. Imasco \$1 to \$51. Algoma Steel \$1 to \$173. Northern Telecom \$1 to \$331 and Nowsco Well Service \$1 to \$151.

PARIS—Generally irregular in calm trading, with operators unwilling to take up positions before Prime Minister Raymond Barre announces his new Government.

Sentiment was depressed by the 0.7 per cent rise in the French February Retail Price Index, following rises of 0.3 per cent, in the two previous months.

Banks and Construction were irregular, Electricals and Steels hesitant, while Oils formed slightly after French Steel said it will cut heavy fuel oil prices 2.5 per cent, from April 1.

Paoed-Citron lost Frs.4.5 to Frs.218, despite sharply higher 1976 net profit.

Chemicals, Textiles and Utilities weakened. International Oils and Canadians were firm, while Gold Mines recovered some of Monday's losses.

BRUSSELS—Mostly higher in active trading.

Steels were mixed. Utilities were little changed. Non-Ferrous Metals finished steady to lower. Chemicals firmed, while Oils and Holdings were mostly higher.

U.S. stocks advanced modestly among predominantly higher Internationals. South African Golds were little changed, while German and Dutch issues gained ground.

GERMANY—Most shares were higher after a modest start.

Urquiza were in demand, however, on news of a scrip issue.

## MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change
	traded per day	per day	
American Motors	178,200	41	+1
Sony	226,200	10	-1
Exxon	190,200	34	+1
Hawaiian Petrol.	183,200	34	+1
Texaco	183,400	34	-1
American Motors	183,100	34	-1
Dow Jones	183,000	34	-1
Amer. Tel. & Tel.	143,900	61	-1
Commons. Edison	142,300	34	-1

coming Energy Proposals and also lower first quarter Corporate earnings.

## OTHER MARKETS

**Canada also rallies**

Canadian Stock Markets also rallied in light trading yesterday morning.

The Metals and Minerals Index recovered 4.2 to 1,137. Oil and Gas 5.6 to 1,109. Banks 1.03 to 233.71. Utilities 0.43 to 148.12 and Papers 0.07 to 112.22. Only Golds, down another 24.8 to 1,068.0, moved against the general trend.

## Indices

## NEW YORK—DOW JONES

	Mar. 22	Mar. 25	Mar. 26	Mar. 27	Mar. 28	1977	Since compilation		
							High	Low	High
Industrial	928.11	929.95	935.67	942.32	950.56	955.54	959.75	928.11	951.70
HomeBuds	51.85	51.15	51.16	51.16	51.22	51.20	51.37	50.85	51.22
Transport	225.11	226.22	226.74	228.55	228.11	228.74	230.11	225.25	227.65
Utilities	186.32	186.52	186.69	186.40	186.88	187.11	187.45	186.32	187.50
Trading vol. (000)	16,716	16,560	16,550	16,500	16,500	16,500	16,500	16,716	16,560

\* Basis of index changed from July 1.

Ind. div. yield % Mar. 25 Mar. 18 Mar. 11 Year ago (approx.)

4.56 4.41 4.47 3.68

## STANDARDS AND POORS

	Mar. 22	Mar. 24	Mar. 25	Mar. 26	Mar. 27	1977	Since compilation		
							High	Low	High
Industrial	118,87	119,07	119,69	111,60	112,41	112,76	118,92	118,82	114,84
Composite	95.80	95.00	96.70	96.25	96.80	97.00	97.00	95.80	95.20

Ind. div. yield % Mar. 25 Mar. 18 Mar. 11 Year ago (approx.)

4.18 4.09 4.17 3.85

Ind. P/S Ratio 10.46 10.69 10.46 14.04

Long Govt. Bond yield 7.71 7.72 7.76 5.67

OVERSEAS SHARE INFORMATION

## NEW YORK

Stock	Mar. 22	Mar. 23	Mar. 24	Mar. 25	Stock	Mar. 22	Mar. 23	Mar. 24	Stock	Mar. 22	Mar. 23	Mar. 24	Stock
Conn. Glass	634	636	635	636	Johns Manville	381	382	383	Lever	478	479	479	479
GPC Internat'l	444	445	446	446	Johson Johnson	567	568	569	Zapata	101	102	102	Zapata
Addressograph	112	113	114	114	Johnson Control	9	9	9	Zenith Radio	247	248	247	Zenith Radio
Astra-Lite & Gas	293	294	295	295	Joy Manufac't	477	478	479	Kichler	120	121	121	Kichler
Air Products	182	183	184	184	Kodak	510	511	512	Kodak	120	121	121	Kodak
Astra-Minerals	299	299	299	299	Kaiser Industries	176	177	178	Kohler	120	121	121	Kohler
Alecos	264	265	265	265	Kane Steel	354	355	356	Koehring	101	102	102	Koehring
Aleghany Indus.	292	293	294	294	Kay	102	103	104	Koepke	120	121	121	Koepke
American Power	204	205	205	205	Kennecott	271	272	273	Koepsell	120	121	121	Koepsell
Allied Chemical	424	425	426	426	Kidney	216	217	218	Korber	120	121	121	Korber
Allied Stores	424	425	426	426	Kimberly Clark	215	216	217	Kosher	120	121	121	Kosher
Allied Chemicals	424	425	426	426	Koppara	248	249	250	Kotch	120	121	121	Kotch
Allied Chemicals	424	425	426	426	Kroger	248	249	250	Krause	120	121	121	Krause
Allied Chemicals	424	425	426	426	Lambert	248	249	250	Krebs	120	121	121	Krebs
Allied Chemicals	424	425	426	426	Larose	212	213	214	Krohne	120	121	121	Krohne
Allied Chemicals	424	425	426	426	Layton	212	213	214	Krohne	120	121	121	Krohne
Allied Chemicals	424	425	426	426	Lederle	212	213	214	Krohne	120	121	121	Krohne
Allied Chemicals	424	425	426	426	Lever	212	213	214	Krohne	120	121	121</td	



## STOCK EXCHANGE REPORT

# Tentative late buying towards end of Budget speech leaves index up 8.8 at 420.4—Gilts firm on MLR hopes

## Account Dealing Dates

First Declara- Option

Last Account

Dealing Dates

Mar. 14 Mar. 24 Mar. 25 Apr. 5

Mar. 28 Apr. 6 Apr. 7 Apr. 20

Apr. 12 Apr. 21 Apr. 22 May 3

From 9.30 a.m. new business days earlier.

After trading quietly at slightly higher levels in front of the Budget, leading stocks edged further ahead on the appearance of buyers towards the end of Mr. Healey's speech. Having steadily hardened to show a gain of 3 points at 2 p.m., the FT 30-share index was a net 4 up an hour later and the close, taken on prices at 5 p.m. and shortly afterwards, was 3204 for an overall rise of 8.8. This goes against the loss of 15.8 in the three previous trading sessions.

Gilts-edged were generally little changed except for short-dated issues which showed rises to 3, but dealings are likely to open to-day with quotations at the long end of the market up to 1 higher.

Buying of equities in the last trade was general, for all panels of stock confined to the leaders and others had no alternative in current thin markets but to go with the demand. There was little evidence of any institutional support. Breweries were usually a shade better in the absence of duty increases and Stores were similarly affected by the unchanged VAT rates, while Tobaccos were barely changed on the proposed duty increase on cigarettes. Leading Oils turned volatile on the petrol price and road tax duty increases. Share ending 4 below the day's best but with a net rise of 45p with BP, also affected by the proposed sale of the Government's ex-Burnham stake, closing 18 below the day's best at an unchanged 780p.

Trade was on a reduced scale as seen in official markings of 6215 which compares with Monday's 6358 and the recent daily average in excess of 7300. Interest was again largely centred on recent speculative favourites and on those companies due to report trading statements in the near future. The FT Actuaries three main indices all hardened by about 1 per cent. with the All-share at 174.41. Ahead of to-day's South African Budget, Gold shares gave more ground in line with a further fall in the button price. The Gold Mines Index was 2.9 to 1203 for a drop of 1.1 in the last 3 trading days.

## Short Gilts rise

A slightly more confident tone in short-dated British Funds was indicative of an expected early resumption of the trend towards lower interest rates and some

buyers were anticipating little further ground in the late Minimum Lending Rate being cut again this week. Although the demand London Brick picked up a penny a week, was relatively small compared to 49p in front of to-morrow's results. Redland firmed 2 to 89p, Formaster continued in demand, rising 5 more to 1890, and improved a similar amount by a maximum of 1 as in Exchequer 13 per cent., 1980, to 107p. The tone at the longer to 50p. Armitage Shanks met end was less firm, but early losses support at 600, up 4p, while Heywood Williams also attracted buyers and improved a similar amount to 40p. Contracting issues were quickly regained as prices amount to 40p. Contracting issues reverted to overnight list levels; exceptionally, Exchequer 121 per cent., 1982, rallied 2 to 153, while Taylor Woodrow regaining 6 to 155-paid form. There was no after-hours' trading in Gilts-edged securities, but in first response to the Chancellor's speech dealers were looking for a firm market to-day. Opening prices could be firm or so higher dependent on the general Press assessment of the Budget measures. Corporations improved quietly throughout the day and closed with rises extending to 1.

A downdrift in the investment premium was reversed by the development of a demand, presumed to be for the purpose of investment in U.S. securities, which took the rate from 111/2 to 113/2 per cent. before a close of 113/2 per cent., up 1 on the day. Yesterday's SE conversion factor was 0.150 (0.730).

Xonics Incorporated were officially listed on the London Stock Exchange yesterday; the opening was poor and closed at 121/2 following a light trade.

Leading Banks met with a scattered small buying interest which had the effect of lifting Barclays 10 to 232p, Lloyds 6 to 210p and Midland a similar amount to 278p. National Westminster improved 5 to 230p. In Overseas issues, Standard Chartered contracted with a fall at 81p. Among Hire Purchase issues, Wagon Finance met with support at 70p, up 5p, and Lloyds and Scottish were also wanted at 82p for a rise of 3.

Composite Insurances rallied a few pence after the previous day's reaction on fears about the repercussions of the Tenerife Jumbo jet disaster. Eagle Star picked up 2 to 121p, while Gain 4 to 66p, while Ultra Electronics were finally 4 higher at 229p following the announcement that Dowty's bid is not to be referred to the Monopolies Commission. The higher interim dividend and profits put Air Electronic Components 4 better at 64p, while small buying in this market left General Accident 182p and Phoenix 220p. Among Brokers, a more detailed consideration of the results prompted a rally of 13p to 238p in Willis Faber.

Little changed for most of the day. Breweries were making modest headway in the late trade on relief that the Chancellor had excluded them from his Budget measures. Bass Charrington were exceptionally 4 better at 110p, while General Electric 178p, GML 212p and BICC 165p, all finished

Breweries 2 to 3p and Howard Machinery a similar amount to 43p.

Fork Farms continued to figure prominently in Foods, rising 12 more to 100p on the back of preliminary figures for tomorrow. Cadbury Schweppes with a preliminary figure for tomorrow hardened 4 to 421p, while Tate and Lyle 268p, and Northern Foods 77p, put on 4 and 2 respectively. Amox Hinton rose 3 to 55p, while fresh speculative interest lifted Avana 11 to 241p.

Leading Stores traded quietly during official dealings but were inclined firmer in the after-hours' trade in the absence of any increase in VAT. Marks and

Spencer ended 4 higher at 114p and gains of 3 were marked against British Home Stores, 155p, and ODS, 73p.

Elsewhere, Redland firmed 2 to 89p, Formaster continued in demand, rising 5 more to 1890, and improved a similar amount by a maximum of 1 as in Exchequer 13 per cent., 1980, to 107p. The tone at the longer to 50p. Armitage Shanks met end was less firm, but early losses support at 600, up 4p, while Heywood Williams also attracted buyers and improved a similar amount to 40p. Contracting issues were quickly regained as prices amount to 40p. Contracting issues reverted to overnight list levels; exceptionally, Exchequer 121 per cent., 1982, rallied 2 to 153, while Taylor Woodrow regaining 6 to 155-paid form. There was no after-hours' trading in Gilts-edged securities, but in first response to the Chancellor's speech dealers were looking for a firm market to-day. Opening prices could be firm or so higher dependent on the general Press assessment of the Budget measures. Corporations improved quietly throughout the day and closed with rises extending to 1.

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Leading Banks met with a scattered small buying interest which had the effect of lifting Barclays 10 to 232p, Lloyds 6 to 210p and Midland a similar amount to 278p. National Westminster improved 5 to 230p. In Overseas issues, Standard Chartered contracted with a fall at 81p. Among Hire Purchase issues, Wagon Finance met with support at 70p, up 5p, and Lloyds and Scottish were also wanted at 82p for a rise of 3.

Composite Insurances rallied a few pence after the previous day's reaction on fears about the repercussions of the Tenerife Jumbo jet disaster. Eagle Star picked up 2 to 121p, while Gain 4 to 66p, while Ultra Electronics were finally 4 higher at 229p following the announcement that Dowty's bid is not to be referred to the Monopolies Commission. The higher interim dividend and profits put Air Electronic Components 4 better at 64p, while small buying in this market left General Accident 182p and Phoenix 220p. Among Brokers, a more detailed consideration of the results prompted a rally of 13p to 238p in Willis Faber.

Little changed for most of the day. Breweries were making modest headway in the late trade on relief that the Chancellor had excluded them from his Budget measures. Bass Charrington were exceptionally 4 better at 110p, while General Electric 178p, GML 212p and BICC 165p, all finished

Breweries 2 to 3p and Howard Machinery a similar amount to 43p.

Fork Farms continued to figure prominently in Foods, rising 12 more to 100p on the back of preliminary figures for tomorrow. Cadbury Schweppes with a preliminary figure for tomorrow hardened 4 to 421p, while Tate and Lyle 268p, and Northern Foods 77p, put on 4 and 2 respectively. Amox Hinton rose 3 to 55p, while fresh speculative interest lifted Avana 11 to 241p.

Leading Stores traded quietly during official dealings but were inclined firmer in the after-hours' trade in the absence of any increase in VAT. Marks and

Spencer ended 4 higher at 114p and gains of 3 were marked against British Home Stores, 155p, and ODS, 73p.

Elsewhere, Redland firmed 2 to 89p, Formaster continued in demand, rising 5 more to 1890, and improved a similar amount by a maximum of 1 as in Exchequer 13 per cent., 1980, to 107p. The tone at the longer to 50p. Armitage Shanks met end was less firm, but early losses support at 600, up 4p, while Heywood Williams also attracted buyers and improved a similar amount to 40p. Contracting issues were quickly regained as prices amount to 40p. Contracting issues reverted to overnight list levels; exceptionally, Exchequer 121 per cent., 1982, rallied 2 to 153, while Taylor Woodrow regaining 6 to 155-paid form. There was no after-hours' trading in Gilts-edged securities, but in first response to the Chancellor's speech dealers were looking for a firm market to-day. Opening prices could be firm or so higher dependent on the general Press assessment of the Budget measures. Corporations improved quietly throughout the day and closed with rises extending to 1.

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Tel: 0333-772501

# FINANCIAL TIMES

Wednesday March 30 1977

Scammell Tra  
Line Range  
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trailer needs  
KINGSTON, NOTTINGHAMSHIRE

## Limited reaction in the markets

BY ROGER MATTHEWS

**• STERLING** gained 5 points to \$1.792; the weighted index was unchanged at 61.8. Foreign exchange dealers suggested the market regarded the Budget measures as of little concern outside a domestic context. The dollar's weighted depreciation narrowed to 0.74 (0.93) per cent.

**• INTEREST** rates were lower. Market sources believed MLR could come in line with market rates with the Budget out of the way. The rates indicate a MLR of 10 per cent. compared with the administered 10 per cent. prevailing.

**• EQUITIES** firmed on tentative buying towards the end of the Budget speech. The FT 30-share index gained 8.8 to 420.4 while the All-Share was 1 per cent. up at 174.41.

**• GILTS** were generally little changed, except for shorts which had gains to 1. The Government Securities Index was 0.06 up 63.13.

**• GOLD** fell \$2 to \$147.1.

**• WALL STREET** closed up 5.90 at 922.01.

## NEWS SUMMARY

### Belfast rocket attack

Two soldiers were injured in a Soviet-made RPG-7 rocket attack on a Saracen armoured car in Belfast yesterday.

Meanwhile, the Loyalist escalation in Ulster, the UUUC, decided to press on with its threat to expel the three Unionist MPs—including Mr. Enoch Powell—who refused to vote against the Government last week.

### Porn admission

One of the six detectives accused of conspiring to accept bribes from pornographers changed his plea to guilty at the Old Bailey. He still pleads not guilty to two other charges.

### Undermined

Miners digging for coal in Yorkshire have damaged the foundations of a bungalow belonging to their union leader, Mr. Arthur Scargill, who has asked the National Coal Board to pay for repairs.

### Briefly . . .

The appeal by the U.S.-born journalist, Mark Hoseball, against a deportation order was dismissed by the Court of Appeal. Monsignor Michael Bowen, Roman Catholic Bishop of Arundel and Brighton, has been appointed Archbishop of Southwark.

A move to preserve the playing fields of the former St. Paul's School site in Hammersmith as an open space was rejected in the Commons by 59-58 votes.

Captain Mark Phillips, Princess Anne's husband, was fined £30 and had his licence endorsed at Maidenhead, Berks, for speeding. The Queen is due to leave Australia for London to-day at the end of her seven week Pacific tour.

### BUSINESS

### Post Office plans letter delivery cut

**• POST OFFICE'S** proposed five-year business plan envisages a cut in letter deliveries to one a day and a greatly reduced parcels service. Page 8

**• FRENCH** cost of living index rose 0.7 per cent. in February, compared with 0.3 per cent. in January and December. Page 5

**• BASE METALS** fell sharply on London markets. Cash tin was £29.25 a tonne down at £29.20.5 while cash lead dropped by £36.5. Page 33

**• U.S. CONGRESS** has extended its deadline for new car exhaust limits by a year. Page 6

### COMPANIES

**• F. W. WOOLWORTH** and Co. is budgeting for another increase in profit in the current year to January 1978, said the chairman. Page 27

**• AMALGAMATED** Metal Corporation pre-tax profits for 1976 rose to £7.95m. (£1.70m.). Page 26

**• BASF** turnover and profit surged ahead in 1976, illustrating the West German chemical industry's recovery from the 1975 recession. Page 31

## Officials blame KLM pilot

BY ROGER MATTHEWS

**BLAME** FOR Sunday's disaster at Tenerife Airport, in the Canary Islands, in which more than 570 people lost their lives, to-night began to be shifted increasingly towards the pilot of the Dutch KLM jumbo jet.

In conversations between journalists, the deputy manager of Tenerife Airport and the head of the Dutch investigating team, it was suggested that the KLM aircraft had taken off without receiving a second and final clearance from the control tower.

Moments later the Jumbo crashed into an Pan American Boeing 747 which was moving towards the end of the runway prior to take-off.

Mr. A. Van Reysem for the Dutch investigators is said to have told reporters from Holland that although there was a possibility that messages from the control tower had been garbled during transmission, it did appear that the KLM pilot had not waited for the final clearance that was normal procedure. However, he said it was possible for a pilot to effect take-off on the first clearance.

This was almost the same version given in the later editions of Madrid afternoon newspapers which claimed there was little doubt that the Dutch pilot's actions had been mainly responsible.

Sedgwick Forbes, the London correspondent of F. B. Hall of New York, Pan Am's insurance broker, had placed

### First insurance payment

**THE FIRST** insurance payout in respect of the disaster will be made this morning, writes Eric Short, Sedgwick Forbes, a leading insurance broker, the London insurance market's share of the hull insurance on the company's crashed Jumbo jet.

C. T. Bowring, KLM's broker, will probably make a statement within a day or so regarding the amount being paid by the London insurance market to KLM.

The eventual overall insurance bill for the disaster could be as high as £120m., excluding personal accident cover by individual victims. That could add another £20m. to £25m.

## United Technologies bids \$509m. for Babcock U.S.

BY JAY PALMER

**BABCOCK AND WILCOX**, the U.S. maker of steam-generating and nuclear fuel units and a one-time but now divested minority shareholder in Babcock and Wilcox U.K., became the target of a \$509m. takeover bid this morning by United Technologies, which emphasised in its statement that the offer was strictly conditional on Babcock's shareholders being permitted "an opportunity to determine for themselves whether to accept."

In New York Babcock and Wilcox said that the company's Board was studying the offer. A statement was to be issued later today.

United Technologies, which used to be called United Aircraft, is now regarded as the most diversified high-technology conglomerate in the U.S. Its total 1976 sales of \$5.1bn. came from a range of activities that includes Pratt & Whitney aircraft engines, Sikorsky helicopters, radar systems and Otis Elevators.

Babcock and Wilcox also regards itself as a high-

technology company. The company's 1976 sales of \$1.7bn. came primarily from its production of sophisticated generating equipment for utilities and its strong position in building nuclear power units for the U.S. Navy.

### Fits criteria'

The \$42-a-share offer compares with Babcock's pre-bid share price of \$34.5 and coming well above the 1977 high of \$16. offers a respectable price earnings ratio of 9.6 on the company's 1976 earnings of \$4.37 a share.

In a brief statement Mr. Harry Gray, the chairman of United Technologies, stressed that a merger with Babcock would be "fit the criteria established by our company in 1973."

"At that time we publicly outlined the profile of potential partners as being established as successful high-technology companies holding leading positions in markets."

Babcock and Wilcox also holds itself as a high-

noted that the laws of New York State, where Babcock is, contain "certain tender-offer statutes" which could severely complicate the cash-andoffer process and result in "inordinate delays."

It is because of the potential complications caused by these statutes, even above and beyond any of the normal court objections that a company subject to a bid can make, that United Technologies has made its offer conditional on shareholders becoming involved and insisted that Babcock, whether or not it recommended acceptance, agree to "take steps to assure full and fair disclosure."

Babcock and Wilcox was instrumental in setting up Babcock U.K. in the middle of the 19th century, but within a few years sold all but a very small interest to British businessmen.

In the 1960s the U.S. parent

built up a 23 per cent. equity stake in the U.K. operation, only to divest itself of this minority holding in September 1975.

MADRID, March 29.

Pan Am described the Spanish statement as premature. KLM said that the local authorities had taken possession of the recorder from its wrecked jet.

The Under Secretary for Civil Aviation said that the collision could not be attributed to sabotage. Nor was it due to any failure in the control tower or errors committed by the Pan Am pilot.

As the grisly task of trying to identify the hundreds of charred bodies began in Tenerife a U.S. military aircraft arrived there to fly out some of the less seriously injured.

There is every indication that the Spanish authorities intend to reopen Tenerife airport to normal traffic as soon as the runway is cleared of all debris.

The impression is growing in Madrid that the disaster will act as a catalyst for the long simmering dispute over airport and air traffic control facilities in Spain. This may become more marked if the Spanish authorities give the impression of trying to stage a cover-up.

Interviews with Spanish pilots who flew regularly into Tenerife revealed that they feared another disaster might occur there, principally because of the sudden appearance of cloud banks which could, in a matter of minutes, blot out visibility on the runway.

While stressing that under

good weather conditions, the airport could be considered aver-

agely safe, one pilot argued that the suddenness of meteorological changes presented exceptional hazards.

## THE LEX COLUMN

# The Chancellor's guessing game

Index rose 8.8 to 420.4

### PUBLIC SECTOR BORROWING REQUIREMENT

£m.

BUDGET ESTIMATE

OUTTURN

£m.

Previous

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